TECHNICAL REPORT

on the

PROSPERITY – PORTER IDAHO – SILVERADO SILVER PROPERTY

Stewart Area
Skeena Mining Division
British Columbia

Latitude: 55°54.8' North
Longitude: 129°56.3' West
NTS Map-Area: 103P/13W

440900E
6197180N
NAD 83 UTM Zone 9

Prepared for

MOUNT RAINEY SILVER INC.

By

N.C. CARTER, Ph.D. P.Eng.
May 15, 2012

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SUMMARY

Mount Rainey Silver Inc. owns a 100% interest in the Prosperity – Porter Idaho – Silverado silver property which consists of 46 Crown granted mineral claims covering an area of 500 hectares immediately southeast of Stewart in northwestern British Columbia. Stewart, at the head of Portland Canal, is the most northerly ice free port in Canada and is also accessible by Provincial highway. The mineral property, situated on Mt. Rainey, is currently accessible by helicopter from Stewart. .

Since the initial discovery of silver mineralization on Mt. Rainey in the early 1900s, various areas of the property have been investigated by more than 6000 metres of underground workings. Principal workings are in two areas of the property which include the Silverado on the west-facing slope of Mt. Rainey above Stewart and the Prosperity – Porter Idaho workings on the southeast slope, a little more than 2 kilometres southeast of Silverado. Much of the exploration and development work to date, including drilling programs in the 1980s, has been directed to the Prosperity – Porter Idaho silver-bearing vein structures which are hosted by six subparallel north to northwest trending, moderately west-dipping shear zones developed in Jurassic volcanic rocks. Direct shipping of high grade material from two vein structures in this part of the property ending in early 1931 amounted to 27000 tonnes with recovered grades of 2542 grams/tonne silver, 0.96 gram/tonne gold and 4.08% lead.

Current resource estimates for these two structures include an Indicated Mineral Resource of 394000 tonnes grading 868 grams/tonne silver, 3.37% lead and 1.41% zinc and an Inferred Mineral Resource totaling 88900 tonnes averaging 595 grams/tonne silver.

Little modern day exploration has been conducted on the Silverado veins but the character and structural setting of these is similar to the Prosperity – Porter Idaho structures and there is good evidence that the two areas may be parts of the same system. The intervening area between the two is obscured by the Silverado Glacier and a proposal for a +2 kilometre tunnel between the two has been proposed at various times over the past number of years not only as a means of access but also to provide an underground heading to explore this prospective ground.

Various means of access to the property have been the subject of recent studies and it is anticipated that these will continue. However, prior to any decisions being made with respect to access, the currently identified resources require further definition and expansion. A two phase program is recommended to first consist of an airborne geophysical survey, a legal survey, additional surface investigations of all known silver-bearing structures, underground rehabilitation as required and surface and underground drilling of the D, Prosperity and Silverado vein structures. Estimated costs of this first phase program are $4,285,975.00.

A second phase program, which is contingent on the results of first phase work only in the context of better designing the program, would consist of additional underground drilling of the D and Prosperity veins at an estimated cost of $4,591,100.00.

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INTRODUCTION

Mount Rainey Silver Inc., formerly a wholly-owned subsidiary of Raimount Energy Inc. and currently a non-trading public company, owns a 100% interest in the Prosperity – Porter Idaho – Silverado silver property which is situated immediately southeast of the community of Stewart on the north coast of British Columbia. Historic and more recent work on this property has identified a number of silver-bearing vein structures with associated lead, zinc and gold values in a geological environment typical of the Stewart mining district.

The author of thie report has been retained by Mount Rainey Silver Inc. to revise and update a March 10, 2008 Technical Report prepared by the writer (Carter, 2008) on behalf of Raimount Energy Inc. This earlier report, which was filed on the company's SEDAR site, involved a review of extensive records pertaining to previous exploratory and development work on the property and the preparation of comments pertaining to the potential of the property plus recommendations regarding the nature and scope of additional investigative programs. The writer also prepared estimates of mineral resources within and adjacent to existing underground workings in the southern property area. These estimates were the subject of a Raimount Company news release dated Jenuary 28, 2008.

Sources of information used in the preparation of both the original and this revised report include the aforementioned extensive database (now the property of Mount Rainey Silver Inc.) which contains details of work performed by, or on behalf of, Raimount Energy Inc. and various predecessor companies dating back to the early part of the last century plus numerous BC Ministry of Energy Mines and Petroleum Resources publications. References to all sources of information are listed in the appropriate section of this report which has been prepared in compliance with the requirements of the reosntly revised and adopted (June 30, 2011) versions of National Instrument 43-101 and Form 43-101F1. This report is intended to be used as supporting documentation to be filed with the British Columbia Securities Commission and the TSX Venture Exchange.

A personal inspection of parts of the subject property was undertaken August 28, 2007. The writer is of the opinion that, since there has been no material change in the status of the property that could be examined by way of a second property inspection, the initial inspection of the property is considered to be current for purposes of this report. The writer, the "qualified person" for purposes of this report, has a good working knowledge of the geology and mineral deposits and occurrences in this part of British Columbia derived by way of numerous mineral property examinations and geological mapping programs for both government and the private sector over the past 48 years.

Metric units of measure are used for this report. Virtually all of the historic data was expressed in Imperial units which have been converted to metric units by the writer.

RELIANCE ON OTHER EXPERTS

The writer has relied on the principals of Raimount Energy Inc. and Mount Rainey Silver Inc. ,namely Gregory Vavra and Steve Vavra, P.Eng., President and CEO and Vice President respectively of both companies, for information regarding the current status of the mineral claims comprising the Prosperity – Porter Idaho – Silverado mineral property.

PROPERTY DESCRIPTION AND LOCATION

The Prosperity – Porter Idaho – Silverado property consists of 46 full and fractional Crown granted mineral claims located in the Skeena Mining Division of northwestern British Columbia between one and six kilometres southeast of Stewart and 175 kilometres north of Prince Rupert (Figure 1).

Figure 1: Location

As illustrated on Figure 2, all but four of the mineral claims are contiguous. Collectively, the mineral claims cover an area of approximately 500 hectares centred on latitude 55°54.8' North and longitude 129°56.3' West in NTS map-area 103P/13W. UTM coordinates for the central property area are 440900E, 6197180N (NAD 83, Zone 9). Crown grant lot numbers and claim names are shown on Figure 2a and details of the mineral claims are as follows:

Table 1: Prosperity – Porter Idaho – Silverado Crown granted Mineral Claims

Claim Name	Lot Number
Red Reef 2	1406
Red Reef 3	1407
Tea Pot Dome	1857

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Claim Name	Lot Number
Prosperity	1858
Prosperity Fr.	1859
Honest John	1860
Copper King	1864
Copper Queen	1865
Gargoyle Fr.	1866
Iron Hill	4508
Glenearn	4510
Fortune	4512
Silver Bow 3 Fr.	4514
Glacier Fr.	4515
Silver Bow 1	4518
Silverado 3	4520
Silverado 4	4521
Silverado 4 Fr.	4523
Canyon	4524
Melvin 3 Fr.	4727
Slide	4728
Lucille	4729
Nettie L.	4730
Sunday	4731
Eureka	4732
Never Sweat	4733
Prickly heat	4734
Gem of the Mountains	4735
Gem of the Mountains Fr.	4736
Prickly Heat Fr.	4737
Never Sweat Fr.	4738
Triumph	4739
Victoria	4740
Silver key Fr.	5103
Silver key 1	5104
P.G. 1 Fr.	5105
P.G. 2 Fr.	5106
Key Fr.	5113
Silver Key 3	5114
Silver Key 4	5115
Silver Key 5	5116
Silver Key 6	5117
Silver Key 7	5118
Cambria	5119
Guard	5120
Silver Key 2	5122

Since the 1970s all of the foregoing mineral claims were owned outright by Raimount Energy Inc. and predecessor companies. In July of 2008, the claims were transferred to 0822171 B.C. Ltd., which was incorporated as a wholly owned subsidiary of Raimount on April 14, 2008. 0822171 .C. Ltd. changed its name to Mount Rainey Silver Inc. on May 9, 2011.

All of the mineral claims and fractions were legally surveyed prior to being Crown granted in the late 1920s. Crown grant status means that assessment work requirements to maintain mineral claims in good standing do not apply and the claims are renewed annually by payment of taxes to the Province of British Columbia.

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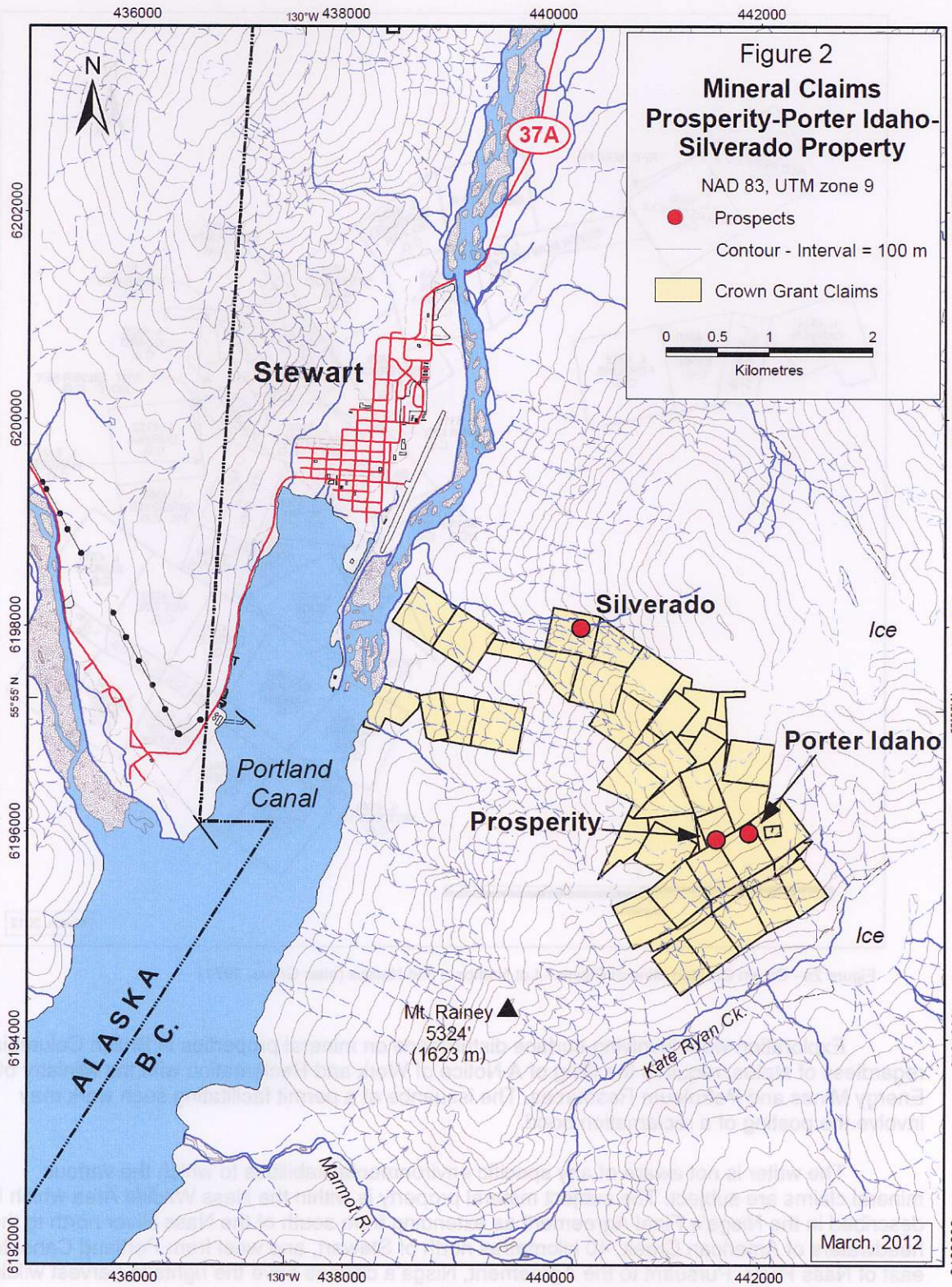
436000
130°W 438000
440000
442000
N
37A
Figure 2
Mineral Claims
Prosperity-Porter Idaho-
Silverado Property
NAD 83, UTM zone 9
Prospects
Contour - Interval = 100 m
Crown Grant Claims
0 0.5 1 2
Kilometres
Stewart
Silverado
Porter Idaho
Prosperity
Portland
Canal
Ice
Ice
ALASKA
B. C.
Mt. Rainey
5324'
(1623 m)
Kate Ryan Ck.
Marmot R.
March, 2012
6202000
6200000
6198000
6196000
6194000
6192000
55°55' N

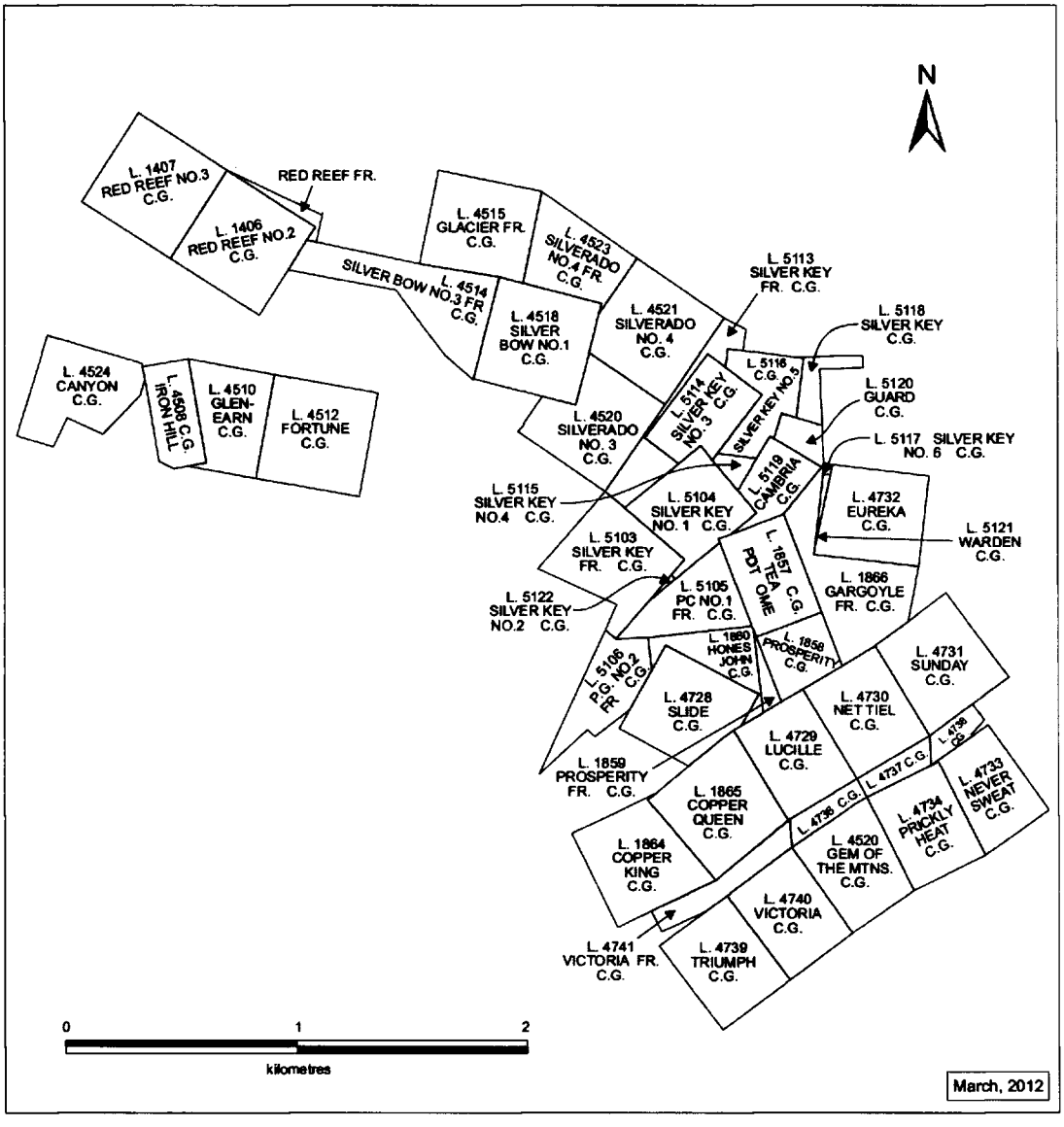

Figure 2a - Crown Granted Mineral Claims - Lot Numbers and Names (after Grove, 1971)

Exploration work involving surface disturbance on mineral properties in British Columbia, regardless of status, requires the filing of A Notice of Work and Reclamation with the Ministry of Energy Mines and Petroleum Resources. The issuance of a permit facilitating such work may involve the posting of a reclamation bond.

The writer is not aware of any specific environmental liabilities to which the various mineral claims are subject. The subject mineral property is within the Nass Wildlife Area which is described in the Nisga'a Final Agreement as extending from south of the Nass River north to the headwaters of American Creek, 40 kilometres north of Stewart, and west from Portland Canal to east of Nass River. Pursuant to the Agreement, Nisga'a citizens have the rights to harvest wildlife within this area, subject to specified conditions.

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ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE and PHYSIOGRAPHY

The Prosperity - Porter Idaho – Silverado property is situated on the north coast of British Columbia near the community of Stewart (Figures 2 and 3). The mineral claims comprising the property extend southeasterly from the head of Portland Canal and across Mt. Rainey to just above Kate Ryan Creek, a tributary of Marmot River which empties into Portland Canal 6 kilometres south of Stewart (Figure 2). Stewart, at the head of Portland Canal and adjacent to the boundary between Alaska and British Columbia, is accessible by provincial highway 37A which connects with highway 37 at Meziadin Junction. Highway 37 (the Stewart – Cassiar highway) extends north from highway 16 at Kitwanga which is situated approximately halfway between Smithers and Terrace. Highway distance between Stewart and each of these communities is about 320 kilometres and driving time is approximately 4 hours. All parts of the subject mineral property are accessible by helicopter from the airstrip in Stewart (Figure 2).

Stewart, a community of 500, offers only limited supplies and services. Most supplies and services are readily available in either Smithers or Terrace and both of these communities have daily scheduled airline service from Vancouver. Stewart is Canada's most northerly ice free port and a loading facility on the west side of Portland Canal, 2 kilometres south of town (Figure 2), is currently being used to export mineral concentrates from the Huckleberry copper-molybdenum mine south of Smithers and the facility was also used for shipping concentrates from the now closed Eskay Creek gold-silver mine situated 80 kilometres north of Stewart.

The Prosperity – Porter Idaho – Silverado property is situated in the Boundary Ranges of the northern Coast Mountains. Elevations within the property area range from sea level along Portland Canal to a maximum of slightly less than 2000 metres (1987.7m) at the edge of an icefield on the highest parts of Mt. Rainey. (Note that this point is considerably higher than the official Mt. Rainey, southwest of the subject mineral claims (Figure 2), which is shown as being 1623 metres above sea level). The principal workings on the property range from 900 to 1100 metres at Silverado on the northwest slope of Mt. Rainey above Portland Canal to between 1290 and 1750 metres at Prosperity and Porter Idaho on the southeastern side of the mountain. The intervening area is in large part covered by the Silverado Glacier.

Historic access to various parts of the subject property was by horse pack trails and aerial tramways which are described in more detail in the following section of the report. The topic of access in more recent years has been the subject of several investigations which have studied a combination of access roads and aerial tramlines coupled with a several kilometres long tunnel linking the Silverado and Prosperity – Porter Idaho underground workings. The results of a recent study pertaining to access (Abernethy, 2008) are reviewed elsewhere in this report.

The climate is typical of the north coast of British Columbia with relatively mild winters and an annual precipitation of about 100 centimetres resulting in snowfall accumulations of up to several hundred centimeters during the winter months. Temperatures between the months of May and September average between 12 and 16 degrees Celsius; mean January temperatures are several degrees below freezing. Because of the locally extreme snowfall accumulations, field work at higher elevations is restricted to the summer months.

Crown granted mineral claims convey a more secure form of mineral tenure and surface rights than recorded mineral claims. The size and configuration of the current property is considered to be adequate for potential future mining operations. The town of Stewart is serviced by the BC Hydro electrical power grid and a second source of hydro electrical power will soon be available from a privately funded operation nearing completion adjacent to the Premier mine site 15 kilometres north of Stewart.

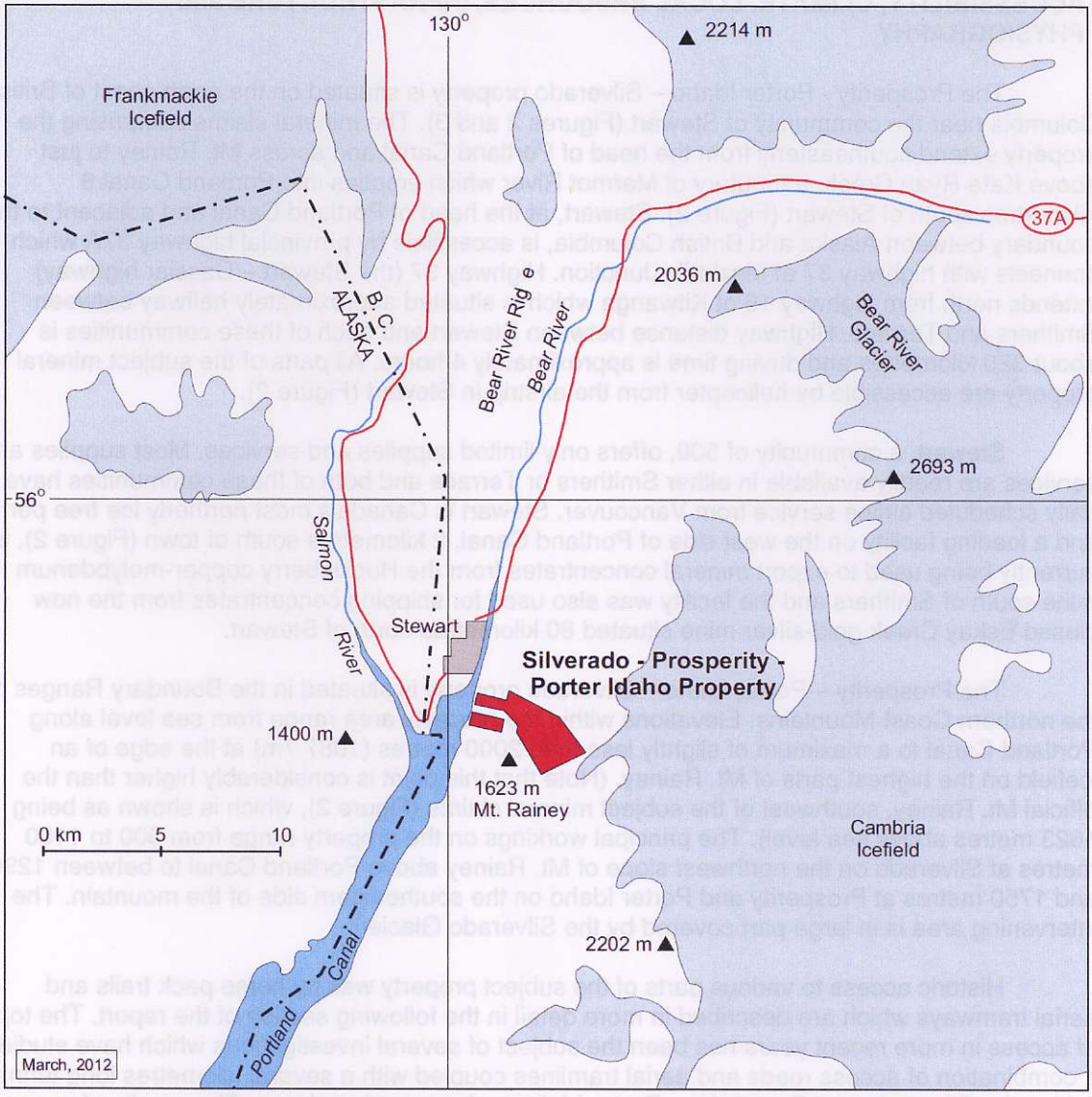

Figure 3 - Silverado - Prosperity - Porter Idaho Property - Location and Access

HISTORY

Stewart is a mining town with a varied history dating back to an unsuccessful search for placer gold north of Portland canal in 1898. Prior to this, natives from the Nass River hunted in the area and the U.S. Army Corps of Engineers arrived at the head of Portland Canal as part of the Alaska – British Columbia boundary survey which took place over a 10 year span beginning in 1896.

A few of the participants of the ill-fated placer gold scheme remained in the area to prospect and initial lode mineral claims were staked on tributaries of Bear River between 1899 and 1903. The townsite was incorporated in 1907 and prospecting along Salmon River resulted in the discovery of mineralization that was later to become the Big Missouri property. Limited production from this deposit and two others along Bear River began in 1910. A discovery east of

Salmon River in 1916 was developed as the Premier mine which operated for forty years and was one of the most significant gold and silver producers in British Columbia.

More than 150 mineral deposits and occurrences are known within the area shown on Figures 3 and 4. Of these, more than 50 had recorded at least some production through 1970.

Original claims were located in the lower reaches of Silverado Creek within the current Silverado – Prosperity – Porter Idaho property in 1904 (Grove, 1971) but the principal Silverado mineral structures, higher up the northwest side of Mt. Rainey, were not exposed until the toe of the Silverado glacier gave way in 1911 (Alldrick, 1993). Original claims were relocated in 1920 and the following year, Silverado Mining Company undertook investigation of high grade copper-silver contained in a flat vein south of the toe of the glacier.

Initial showings on the Porter Idaho property were discovered on the southeast slope of Mt. Rainey in 1922 and the Porter Idaho Mining Co, Ltd. was formed in 1924 to continue underground development of D Vein. A 13 kilometre pack trail between the mouth of Marmot River on Portland Canal (Figure 2) and the property was completed in 1925 and 160 tonnes of high grade material was shipped. Continued work at Silverado included the driving of a crosscut tunnel beneath the four mineralized veins exposed below the glacier.

Additional high grade shipments were being made from the Porter Idaho property and four vein structures were being investigated the following year when a new discovery was made on the adjacent Prosperity claims. In 1928, Premier Gold Mining Company struck a deal for the Prosperity claims, acquired control of Silverado Consolidated Mines Ltd. and assumed management of the Porter Idaho property. With both the Prosperity and Porter Idaho under the same management, construction began on an 8 kilometre long aerial tramline to provide access to the properties from Portland Canal. The tramline, completed in the fall of 1929, consisted of 25 metre high towers and an initial 3 kilometres length between the mouth of Marmot River and an angle tower. From the angle tower, the final 5 kilometres stretch to the property included a tower less span of 1.3 kilometres across a glacier in the Kate Ryan Creek valley (Figure 2). A power line was also erected between the mine workings and the mouth of Marmot River and a smaller tramline provided access between the Porter Idaho D Vein working and the main tram terminus near the crosscut accessing the Prosperity Vein. Continued underground development on both the Prosperity and D Veins continued through 1929 and high grade shipments were made from the Prosperity Vein.

Work was also proceeding on the Silverado property in 1929 with further advancement of the No.3 level crosscut (with reported disappointing results) and raising between No. 3 and No. 2 levels. Premier assigned the property to leasers the following year.

Production from Prosperity and Porter Idaho continued through 1930 when the property was the third largest silver producer in the Province. After silver prices went below $0.30 per ounce in early 1931 operations were suspended in April. Total production amounted to slightly more than 27,000 tonnes and the various vein structures had been explored and developed by more than 4600 metres of underground workings. Some 1200 metres of drifting, crosscutting and raising had been completed at Silverado and leasing operations on an upper tunnel immediately below the Silverado glacier the following year resulted in approximately 100 tons of high grade material being shipped from the property. Premier Gold Mining Company retained the Prosperity – Porter Idaho property on a care and maintenance basis through 1943 when it relinquished its interest.

Big Four Silver Mines Ltd. subsequently acquired the rights to the Silverado, Prosperity and Porter Idaho properties and in 1946 undertook some limited underground work and completed several underground and surface diamond drill holes on the Silverado property.

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Prospecting was also undertaken along the edge of Silverado glacier between the Silverado and Prosperity – Porter Idaho properties in response to an earlier assumption that the vein structures on both sides of Mt. Rainey had similar characteristics. Sporadic work through 1950 included some limited shipments of high grade material left behind by previous operations. Horses were used for access in view of considerable damage to the aerial tramline by snow slides over the previous 15 years.

Cassiar Consolidated Mines Limited acquired the various properties in 1952 and undertook some limited diamond drilling and rehabilitation of some of the underground workings on the Prosperity – Porter Idaho property. Consolidated Mining and Smelting personnel reportedly carried out some underground sampling as part of a property examination that same year. Intermittent work by Cassiar through 1975 included rehabilitation of D tunnel and new drifting on I Level at Prosperity – Porter Idaho and 635 metres of underground diamond drilling. . Some investigation of the Silverado property included detailed sampling and mapping of the flat vein structure south of the main workings.

Pacific Cassiar Limited, a successor company to Cassiar Consolidated and a predecessor of Raimount Energy Inc., began a thorough investigation of the property in 1980. Over the following four years, various underground workings accessing both the Prosperity and D Veins were rehabilitated, and both these and Blind Vein were tested by 1290 metres of percussion drilling in 170 short (5 – 12 metres), 5 cm diameter test holes drilled in both the hangingwall and footwall of the structures at approximately 15 metres intervals. Six surface diamond drill holes, recovering 323 metres of NQ-size core, tested D Vein below the main adit level. Results of this work are detailed in technical reports by Clark (1981), Kenyon (1982-1984) and several others.

Teck Explorations Limited entered into an agreement with Pacific Cassiar Limited for the purposes of undertaking a major exploratory program on the Prosperity – Porter Idaho section of the property in 1985. The $1.2 million program (Folk, 1986a) included camp construction, underground rehabilitation and the slashing out of two underground drill stations from which 3320 metres of diamond drilling was completed in 17 holes. NQ-size core was recovered. Surface drilling consisted of 16 inclined holes for a total of 2147 metres; HQ-size core was recovered from five of the holes while NQ core was recovered from the remaining holes. 255 metres of short, testhole percussion drilling was completed in 40 holes at various underground locations. Several alternatives were proposed for further investigation of the property in 1986 (Folk, 1986b).

In early 1987, Pacific Cassiar Limited commissioned Archer Cathro & Associates Limited to undertake a review of work completed between 1980 and 1985 and to make recommendations for further development of the property. Findings of this study are contained in a report by W.D. Eaton (1987). Teck Explorations Limited undertook several internal studies related to further surface and underground exploration programs plus estimates of costs pertaining to various methods of access through mid 1987 but withdrew from the project later that same year.

No further work was undertaken by Pacific Cassiar Limited and the successor company, Raimount Energy Inc., until 2007 when the author of this report was retained to review the results of historic work and to comment on the potential of the property. An in-depth study of potential means of access to the property was also coordinated by John Abernethy, P.Eng. This study (Abernethy, 2008) included the construction of a detailed topographic map and orthophoto coverage of the property area.

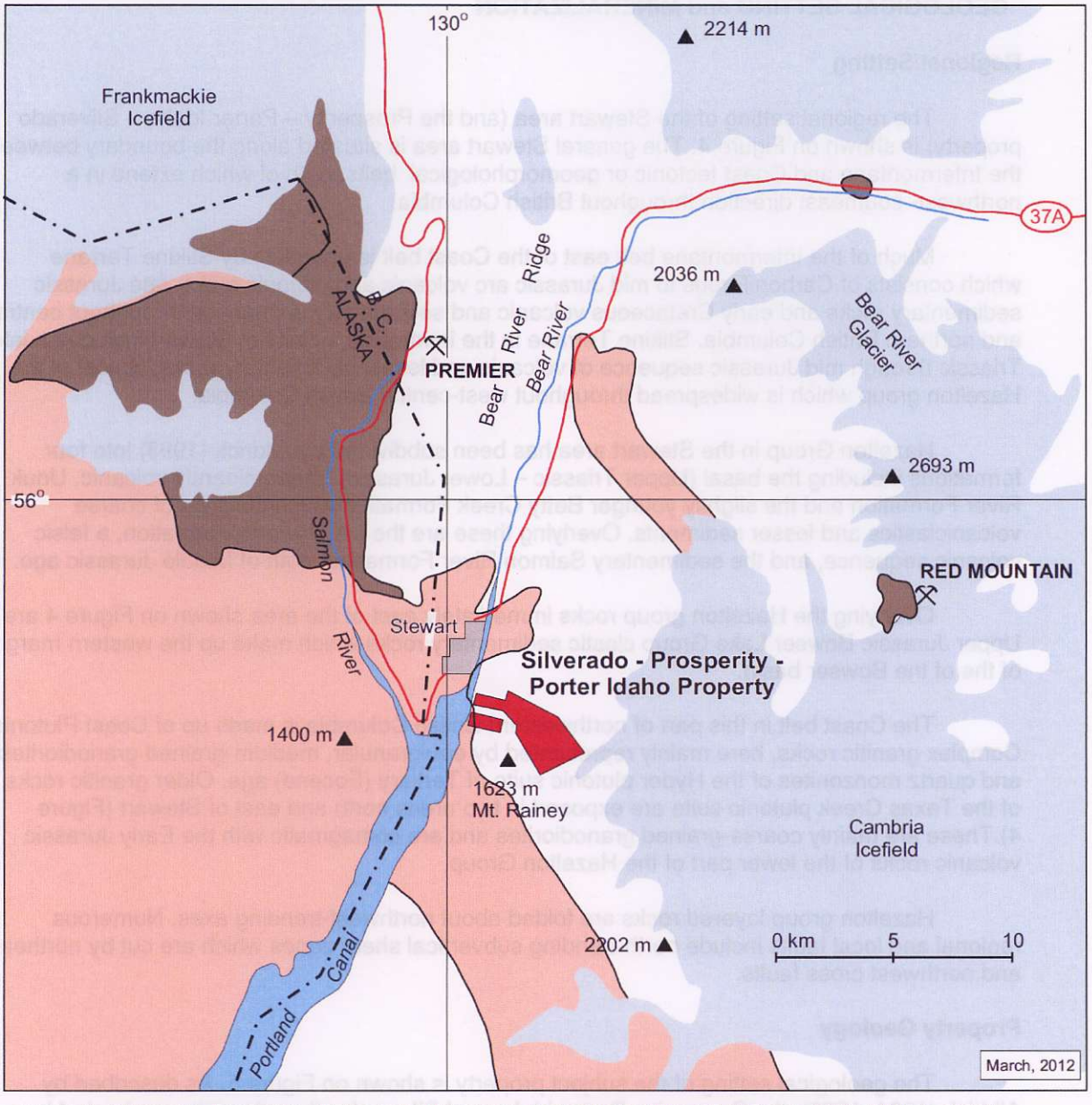


Figure 4 - Silverado - Prosperity - Porter Idaho Property - Geological setting (After Grove, 1986; Alldrick, 1993)

Tertiary

Hyder Plutonic Suite - granodiorite, quartz monzonite

Jurassic

Texas Creek Plutonic Suite - granodiorite

Hazelton Group

Volcanic and Sedimentary Rocks

GEOLOGICAL SETTING and MINERALIZATION

Regional Setting

The regional setting of the Stewart area (and the Prosperity – Porter Idaho – Silverado property) is shown on Figure 4. The general Stewart area is situated along the boundary between the Intermontane and Coast tectonic or geomorphological belts, both of which extend in a northwest- southeast direction throughout British Columbia.

Much of the Intermontane belt east of the Coast belt is underlain by Stikine Terrane which consists of Carboniferous to mid Jurassic arc volcanic and plutonic rocks, late Jurassic sedimentary rocks and early Cretaceous volcanic and sedimentary sequences throughout central and northern British Columbia. Stikine Terrane in the immediate vicinity of Stewart includes a late Triassic through mid Jurassic sequence of volcanic and lesser sedimentary rocks, typical of the Hazelton group which is widespread throughout west-central British Columbia.

Hazelton Group in the Stewart area has been subdivided by Alldrick (1993) into four formations including the basal (Upper Triassic – Lower Jurassic), predominantly volcanic, Unuk River Formation and the slightly younger Betty Creek Formation which consists of coarse volcaniclastics and lesser sediments. Overlying these are the Mt. Dilworth Formation, a felsic volcanic sequence, and the sedimentary Salmon River Formation, both of Middle Jurassic age.

Overlying the Hazelton group rocks immediately east of the area shown on Figure 4 are Upper Jurassic Bowser Lake Group clastic sedimentary rocks which make up the western margin of the of the Bowser basin.

The Coast belt in this part of northwestern British Columbia is made up of Coast Plutonic Complex granitic rocks, here mainly represented by equigranular, medium-grained granodiorites and quartz monzonites of the Hyder plutonic suite of Tertiary (Eocene) age. Older granitic rocks of the Texas Creek plutonic suite are exposed in two arees north and east of Stewart (Figure 4).These are mainly coarse-grained granodiorites and are comagmatic with the Early Jurassic volcanic rocks of the lower part of the Hazelton Group.

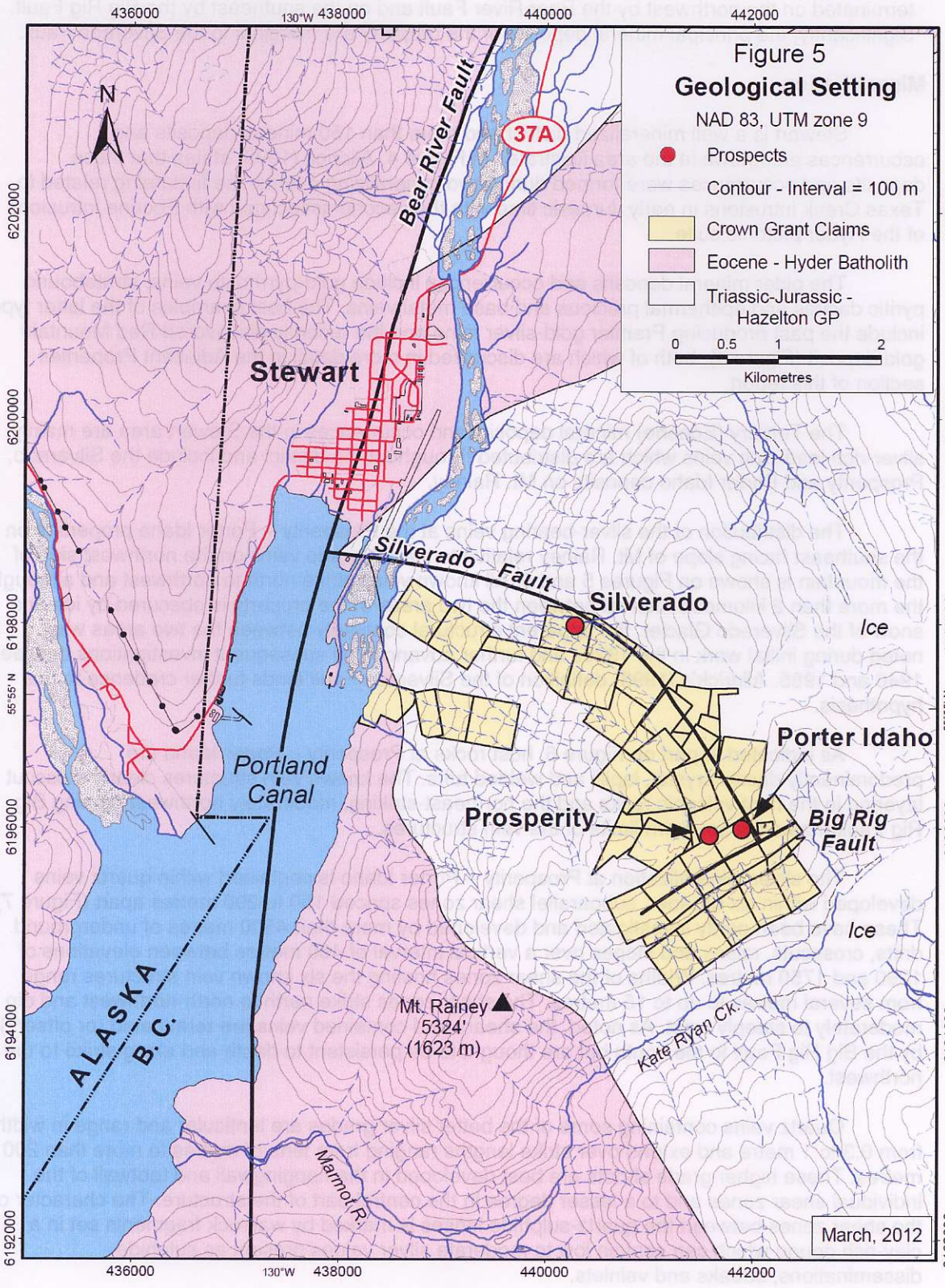
Hazelton group layered rocks are folded about northwest-trending axes. Numerous regional and local faults include north-trending subvertical shear zones which are cut by northeast and northwest cross faults.

Property Geology

The geological setting of the subject property is shown on Figure 5. As described by Alldrick (1984, 1993), the Prosperity, Porter Idaho and Silverado silver deposits are hosted by a northerly-striking, moderate to steeply west-dipping andesite to dacite sequence of the Hazelton Group. The oldest, and most widespread of these, is an andesitic coarse ash tuff of the Unuk River Formation which is overlain by dacite and felsic tuff plus intercalated sedimentary units thought to be part of the younger Betty Creek and Mount Dilworth Formations of probable Middle Jurassic age.

As indicated on Figure 5, the Hazelton group layered rocks on Mt. Rainey are intruded by granitic rocks of the Hyder plutonic suite which forms the eastern margin of the Coast Plutonic Complex in this area. According to Alldrick (1993), there is no appreciable alteration of the Hazelton Group volcanic rocks marginal to the Hyder granodiorites and quartz monzonites.

A notable structural feature of the property area is the Silverado Fault (Figure 5, Alldrick, 1993) which extends in a northwesterly direction throughout the subject mineral claims and is



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terminated on the northwest by the Bear River Fault and on the southeast by the Big Rig Fault. Significantly, the principal mineral deposits of the property are marginal to the Silverado Fault.

Mineralization

Stewart is a well mineralized district and more than 150 mineral deposits and occurrences are known in the area illustrated in Figure 4. Alldrick (1993) states that these deposits and occurrences were formed during two mineralizing events, the first being related to Texas Creek intrusions in early Jurassic time with the second associated with Eocene intrusions of the Hyder plutonic suite.

The older mineral deposits and occurrences include gold-pyrrhotite veins, stratabound pyritic dacites and epithermal precious and base metal veins. The best examples of the latter type include the past producing Premier gold-silver mine and the recently discovered Red Mountain gold deposit (Figure 4), both of which are discussed in more detail in the Adjacent Properties section of this report.

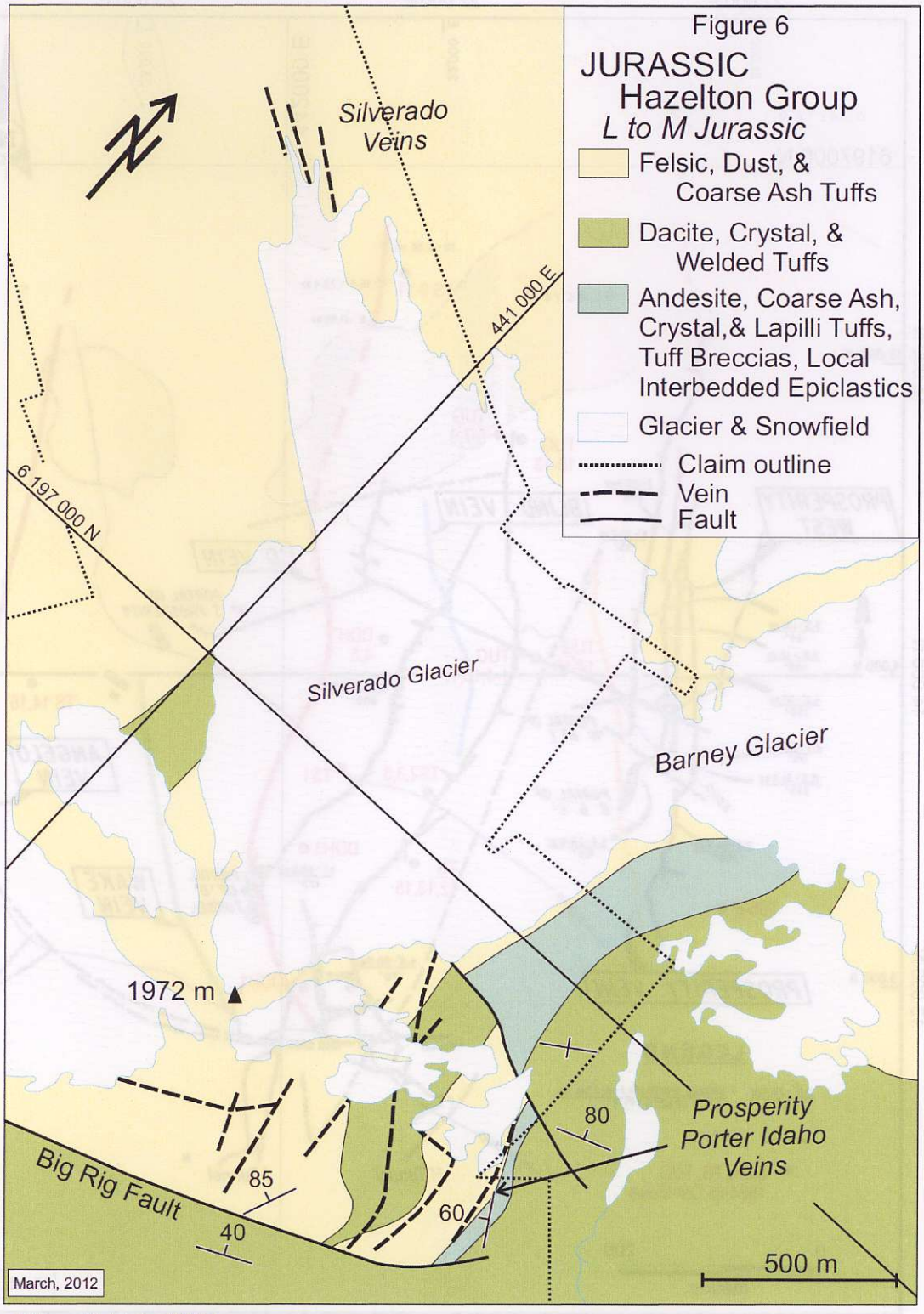
The Tertiary (Eocene) mineral deposits and occurrences in the Stewart area are mainly silver-rich lead-zinc veins which are distributed throughout the district and include the Silverado, Prosperity and Porter Idaho deposits on Mt. Rainey.

The distribution of the silver-bearing veins at the Prosperity – Porter Idaho properties on the southeast facing slope of Mt. Rainey relative to the Silverado veins on the northwest side of the mountain is shown on Figures 5 and 6. All known veins strike north to northwest and although the more than 2 kilometre interval between the two areas of the property is obscured by ice and snow of the Silverado Glacier, the apparent structural continuity between the two areas was noted during initial work in the 1920s and further advanced by subsequent investigations between 1946 and 1985. Alldrick's (1993) definition of the Silverado Fault lends further credence to this hypothesis.

As indicated in part on Figure 6, host rocks at Prosperity – Porter Idaho are predominantly dacitic crystal, lapilli and welded tuffs. The known vein structures clearly crosscut layering in the host volcanic rocks and the northeast-striking, moderately northwest-dipping Big Rig Fault marks the southern limits of the vein structures.

The silver mineralization at Prosperity – Porter Idaho is contained within quartz veins developed within six broader, subparallel shear zones spaced 150 to 200 metres apart (Figure 7). These have been partly investigated and developed by more than 4500 metres of underground drifts, crosscuts, raises and stopes over a vertical interval of 460 metres between elevations of 1290 and 1750 metres. Widths of the shear zones hosting the six known vein structures range from several metres to up to 15 metres. The shear zones strike north to north-northwest and dip moderately to steeply west. As noted, the shears and contained veins are terminated (or offset?) by the Big Rig Fault to the south but are thought to be persistent to depth and along strike to the northwest.

Quartz veins containing some of the better silver grades are lenticular and renge in width from 0.3 to 1 metre and extend over strike lengths ranging from tens of metres to more than 200 metres. These higher grade shoots are best developed in the hangingwall and footwall of the individual shear zones and to a lesser degree in the central part of the structure. The character of the shear zones between the quartz-sulphide lenses is marked by wallrock fragments set in a clay-rich gouge which can contain low to moderate silver values present as sulphide disseminations, streaks and veinlets.



(After Alldrick, 1993)

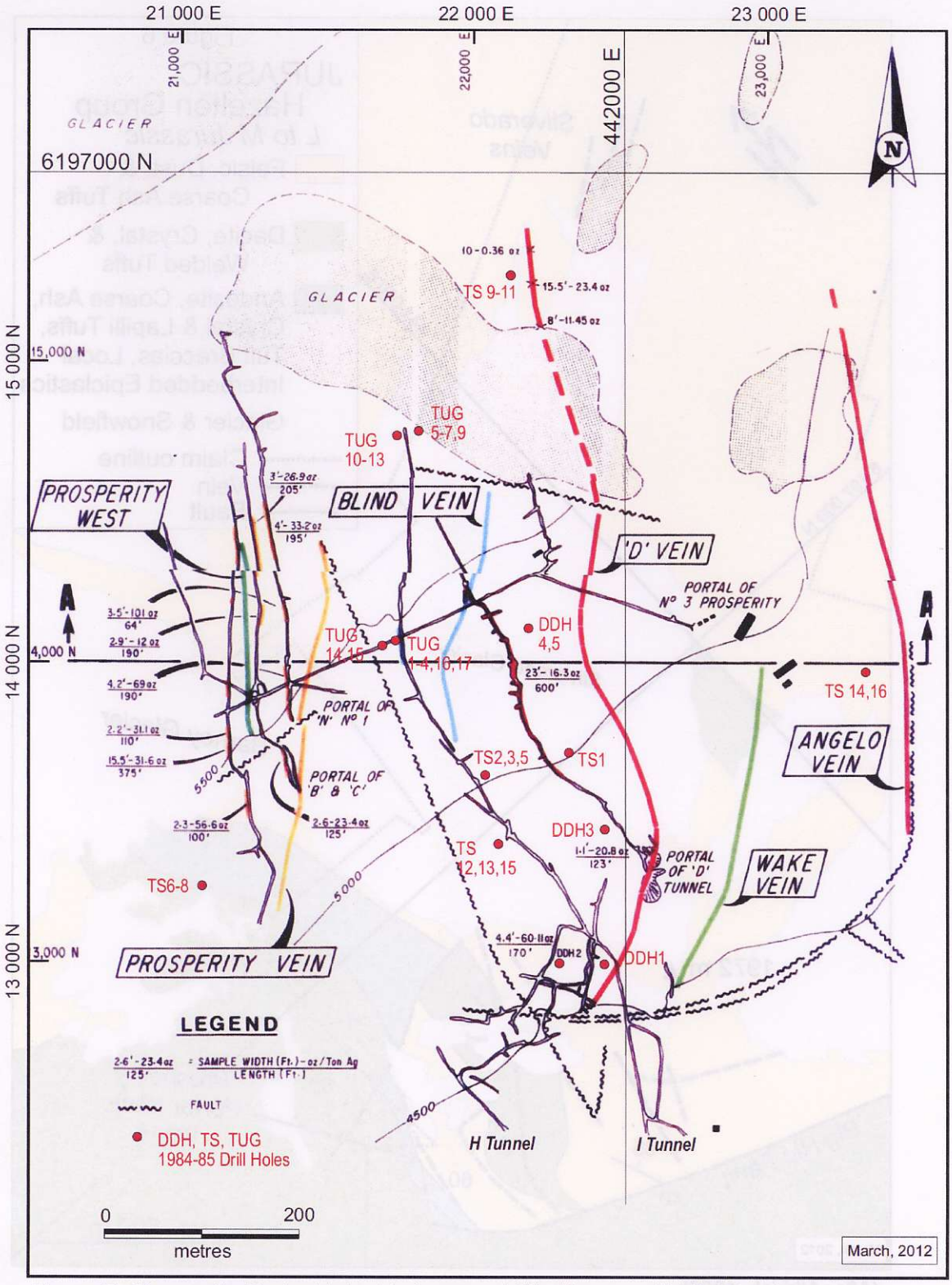


Figure 7 - Prosperity-Porter Idaho Underground Workings and Vein Structures (after Teck Explorations Limited,1985 and Folk,1986)

The six silver-bearing shear zones are not well exposed on surface and information regarding their nature and character are based on observations reported by previous investigators who noted that the shear zones have sharp contacts with wallrocks.

Sulphide minerals hosted in quartz lenses include, in approximate order of abundance, sphalerite, argentiferous galena, pyrite, tetrahedrite - tennantite, pyrargyrite, polybasite and native silver (Alldrick, 1993; Visagie, 1976). Oxidation of the sulphide minerals is evident in the few surface exposures which also feature abundant manganese oxide plus traces of powdery, yellowish greenockite, a cadmium sulphide (Alldrick, 1984). Oxidation and resultant enrichment of the primary sulphide mineralization extends to an unknown depth below surface.

It is likely that an appreciable portion of the early production from the property consisted of enriched material. As noted by Mandy (1931), secondary enrichment of primary silver minerals resulted in good grades being distributed in irregular, lenticular shoots over locally appreciable widths of slightly more than 5 metres. However, detailed sampling to identify what Mandy described as "bunchy" high grade ore shoots, followed by selective mining and hand sorting was required to produce "shipping grade" material which Mandy estimated as being about 25 ounces silver per ton which is equivalent to 850 grams/tonne.

All but two (Angelo, Wake) of the shear-hosted vein structures at Prosperity –Porter Idaho have been partially explored and developed by underground workings. The extent of these workings in a vertical sense on the moderately west-dipping D Vein, Blind Vein, Prosperity and Prosperity West Veins is shown in a diagrammatic way on Figure 8.

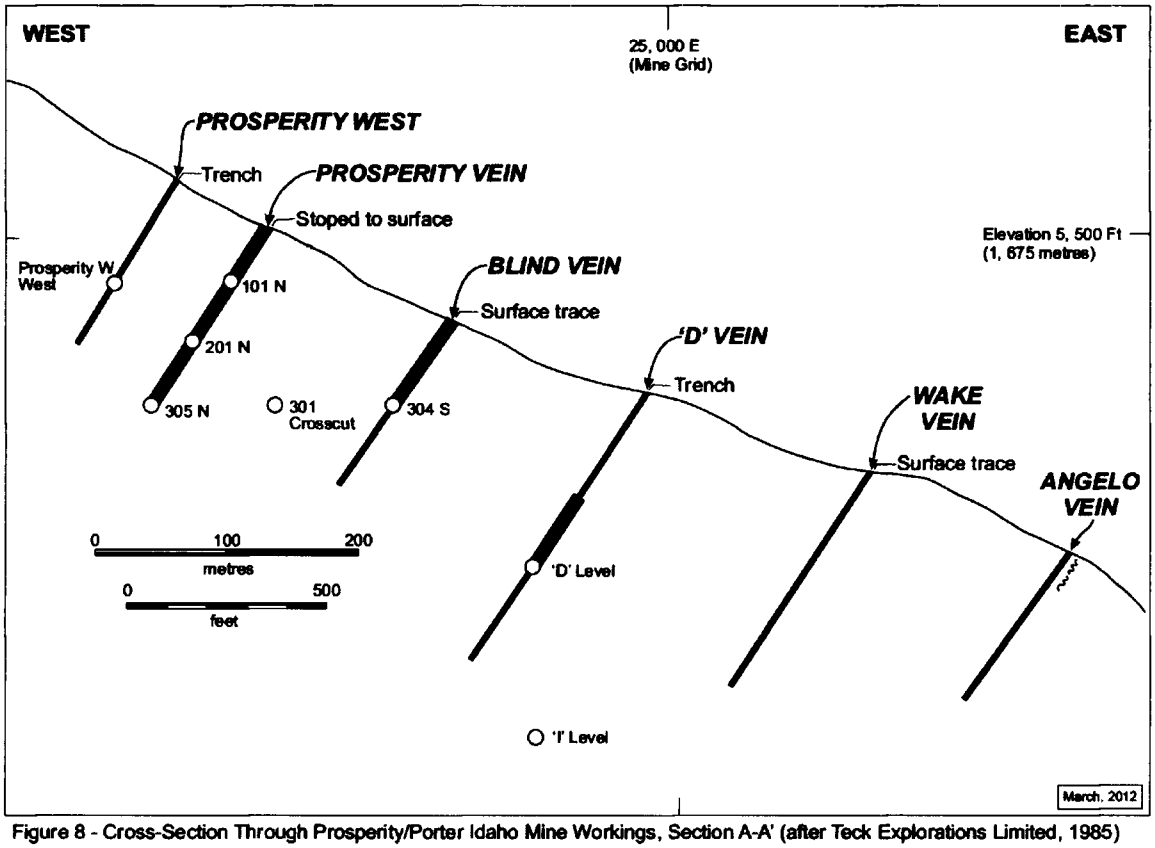


Figure 8 - Cross-Section Through Prosperity/Porter Idaho Mine Workings, Section A-A' (after Teck Explorations Limited, 1985)

BC Minfile reports production from the Prosperity – Porter Idaho property between 1922 and 1950 as being 27268 tonnes with average recovered grades of 2692 grams/tonne silver, 0.99 gram/tonne gold and 5.1% lead plus minor copper and zinc. Most of this production took place between 1929 and early 1931 and precise details are provided by Kidd (1948) who had access to Premier Gold Mining Company records. These data show that between 1924 and 1939, a total of 27123 tonnes were shipped of which 82% was from the Presperity workings. Details are as follows:

		Recovered Grades		
Source of Ore	Tonnes	Silver (g/t)	Gold (g/t)	Lead (%)
Prosperity	20103	2552	0.82	4.36
Porter Idaho	4767	3502	1.78	4.61
Beach dump*	2253	418	0.45	0.40
	27123	2542	0.96	4.08

* Shipped between 1936 and 1939, several years after cessation of mining operations; obviously of lower grade than the hand sorted, direct shipping material and probably representativs of the lower grades left behind during original mining.

Most of the production attributed to Porter Idaho was from the D Vein with a minor portion derived from Blind Vein. As indicated on Figure 10, the limited production from D Vein was mined from stopes off a raise above D tunnel or level. Workings on the Prosperity Vein were more extensive and included three levels and a number of raises (Figure 11).

The backs of the principal underground workings on both D and Prosperity veins were channel sampled at 0.30 to 0.45 metre intervals by Premier Gold mining Company in order to provide grade control for the selective mining of higher grade silver-bearing shoots. As indicated in the foregoing production statistics, direct shipping material, which was transported by aerial tramline to tidewater at the mouth of Marmot River and from there by ship to the Tacoma smelter, necessarily consisted of silver grades in excess of 2400 grams/tonne.

Records of Premier's detailed underground sampling are available and provide useful information regarding the distribution of higher grade shoots within the Prosperity and D veins. An analysis of these data was compiled by Kenyon (1983) and was more recently reviewed by the writer. Summary details of this detailed sampling are as follows:

Structure	Location (mine grid)	Silver (g/t)	Width (m)	Length (m)
D Vein	D tunnel			
	13300 – 13420 N	713	0.33	37.5
	13600 – 14250 N	559	7.01	182.9*

* after Kenyon – width derived from original Premier data and combined with detailed sampling of several crosscuts driven east and west off the main level

Blind Vein	No. 3 level, 304 N drift			
	13990 – 14110 N	1536	0.76	37.5
Prosperity Vein	No.3 level – 305 drift N&S			
	13480 – 13580 N	1940	0.70	30.5
	13675 – 13775 N	1066	0.67	33.5
	13875 – 13930 N	987	0.55	15.8
	14190 – 14210 N	621	0.73	7.01
	14315 – 14440 N	4025	0.79	24.7

Prosperity Vein 201 drift N&S

Location (mine grid)	Silver (g/t)	Width (m)	Length (m)
13610 – 13700 N	802	0.79	38.1
14110 – 14190 N	411	0.88	27.4
14280 – 14480 N	922	0.91	62.5
101 drift N			
13800 – 14000 N	2366	1.28	57.9
14140 – 14200 N	3463	1.07	19.5
14325 – 14350 N	1138	1.22	59.4

An indication of the orientation of the higher grade shoots in a vertical sense is provided by a contouring of silver grade (in ounces per ton) times thickness values (in feet) derived from original Premier sampling (Folk, 1986). These show a vertical to steeply south-dipping orientation for the higher grade shoots within both the Prosperity and D Vein structures. Further descriptions of the nature of high grade shoots includes those of Grove (1971b) who describes 0.30 metre vein in 3E stope (midway along the Prosperity 300 level – Figure 11) containing steeply-dipping, pipe-like argentite (silver sulphide) rich lenses with a steep northerly plunge.

The northwesterly strike extensions of the various shear/vein structures at Prosperity – Porter Idaho remain to be determined. A surface exposure 300 metres north of the known limits of D Vein confirms the on strike continuation of this structure. Three samples, collected over an apparent strike length of 80 metres returned an average grade of 660 grams/tonne silver over an average width of 3.7 metres (Figure 10).

The Silverado silver-bearing veins are situated about 3 kilometres northwest of the six shear/vein structures on the Prosperity – Porter Idaho part of the property (Figure 6). The veins here are hosted by coarse andesitic fragmental rocks in contrast to the fine grained tuffaceous host rocks at the Prosperity – Porter Idaho. Five principal vein structures (Figure 9) have been investigated by more than 1500 metres of underground workings over a vertical interval of 380 metres between elevations of 900 to 1280 metres.

Earliest work at Silverado was directed to the Flat vein, a northerly striking, shallowly east-dipping (5 degrees or less), 30 to 60 centimetres wide structure consisting of quartz and tetrahedrite. Very high silver grades (10000 grams/tonne) plus copper were reportedly (Grove, 1971) encountered during work in the early 1920s. More recent sampling (Murton, 1969) consisted of 27 samples which returned silver values of between trace and 3700 grams/tonne; copper values ranged from trace to 1.22%.

Production from the Silverado property was reported by Grove (1971) as being 96 tonnes averaging 7130 grams/tonne silver, 9.8 grams/tonne gold, 16.4% lead and 1.1% copper. According to Bacon and Tompson (1973), all production came from two higher grade shoots in the No.1 Vein which were described by Skerl (1961) as containing 0.68 gram/tonne gold, 648 grams/tonne silver 1% lead, 2% zinc over an average width of 1.15 metre and a length of 14 metres in the first shoot and 1400 grams/tonne silver over a 0.64 metre width and a 24 metres length for the second shoot.

Surface sampling of No.4 vein (Figure 9) by Premier Gold Mining Company, Limited at 1.5 metre intervals over a strike length of 243 metres identified five zones of higher silver grades. From northwest to southeast, these include 1875 grams/tonne over 0.6 metre width and a length of 9.0 metres, 737 grams/tonne over 0.4 metre and a length of 26.0 metres, 446 grams/tonne over 1 metre and a length of 8.0 metres, 1882 grams/tonne over 0.3 metres and a length of 6.0 metres and 854 grams/tonne over 0.2 metre and a length of 7.0 metres. Twelve samples collected by White (1946) from a number of locations between the crosscut adit and higher

underground workings averaged 0.48 gram/tonne gold and 2438 grams/tonne silver over widths of between 5 centimetres and 1.5 metres.

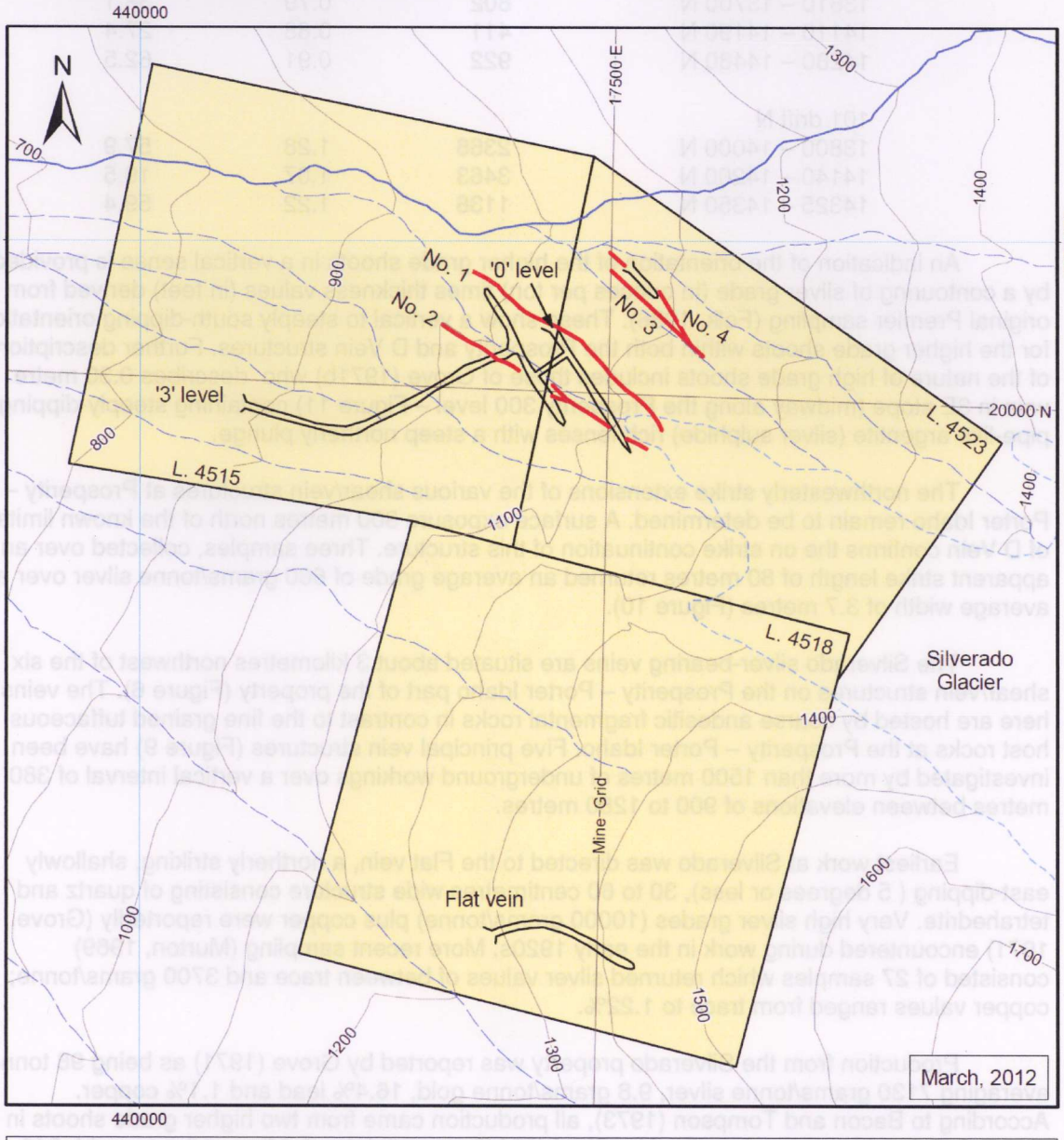


Figure 9
Silverado Veins and Underground Workings
NAD 83, UTM zone 9

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DEPOSIT TYPES

The Prosperity, Porter Idaho and Silverado silver deposits are typical of the Tertiary (Eocene) vein deposits of the Stewart area. As described by Alldrick (1993), this deposit type can occur in a variety of host rock types and of differing ages ranging from Early Jurassic volcanic rocks to Tertiary igneous rocks,

The deposits and prospects are developed in brittle faults and/or fractures; most trend northwest and economic silver concentrations are coincident with more brittle lithologic units. There appears to also be a close spatial relationship between Eocene deposits and occurrences and Jurassic turbidite sediments which reportedly (Alldrick, 1993) contain high background silver contents and may have been the source rocks for these deposit types.

EXPLORATION

Some of the information usually included in this section is contained in the History section. Much of the work done by or on behalf of the issuer and various predecessor companies consisted of surface and underground drilling programs which are described in the succeeding section.

DRILLING

The Prosperity and Porter Idaho vein systems were tested by 6501.7 metres of diamond drilling between 1975 and 1985. Most of the twenty-two surface holes (2547.2 metres) completed were inclined holes designed to test the D Vein structure, and to a lesser extent, the Blind and Prosperity Veins. Hole locations are shown on Figure 7. NQ-size (4.76 centimetres diameter) core was found to provide much better recoveries than the smaller AQ or BQ-size (2.70 – 3.64 centimetres diameter) core.

Underground drilling in 1975 (3 inclined holes – 634.9 metres) is thought to have recovered BQ-size core, which explains some of the poor recoveries, while the 17 hole (3319.6 metres) program in 1985 used a thin-wall system which recovered a core size midway between NQ and BQ-size core (Folk, 1986). The three 1975 inclined holes were drilled from an underground station about 300 metres west of the portal of No.3 crosscut level (Figure 6) on easterly azimuths to test D Vein. Also intersected were Blind Vein and what was referred to as an intermediate vein midway between Blind and D Veins (Seraphim, 1975). Six of Teck Explorations' 1985 underground inclined holes were drilled from this same station, again on easterly azimuths to test D Vein while two holos were drilled in a westerly direction in an attempt to intersect the Prosperity Vein. The remaining nine underground holes were drilled on east and west azimuths from the north end of 304 drift North (Figure 7) to test northerly strike extensions of both the D and Prosperity Veins

Surface and underground drill hole locations are listed in Appendix I which also provides details of results obtained from individual holes. More significant results, which incorporate a silver cutoff grade of 170 grams/tonne (5 ounces per ton) and a minimum sample length of 1.22 metres (4 feet) ate tabulated below.

1984-85 Surface Holes

Hole No.	Vein	Interval (m)	Length (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)
84-3	D	44.04-46.48	2.44	408	NA	0.64	0.34
84-4	D	53.64-55.47	1.83	328	NA	0.86	1.99
84-5	D	69.25-72.33	2.98	246	NA	1.29	3.69
TS-2	D	185.81-188.37	3.36	235	0.30	0.44	1.27
TS-3	D	160.93-163.68	2.75	311	NA	NA	NA
TS-5	D	17.22-18.51	1.29	171	0.62	NA	NA
TS-8	D	15.85-17.37	1.52	195	0.11	NA	NA
TS-14	Angelo	87.78-90.53	2.75	245	0.37	NA	NA

1985 Underground Holes

Hole No.	Vein	Interval (m)	Length (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)
TUG-1	D	196.81-200.25	3.44	3492	0.91	5.62	5.48
TUG-2	Blind	11.43-13.11	1.68	827	0.86	3.85	1.38
TUG-4	D	182.88-186.84	3.96	1696	1.00	1.80	1.40
TUG-16	Int	93.42-95.10	1.68	271	0.48	NA	NA
TUG-17	D	170.01-171.30	1.29	325	0.58	NA	NA

The D and Prosperity Veins were also tested underground by more than 1500 metres of test hole (percussion) drilling in 210 short (5-12 metres) holes drilled with an underground jackleg drill. These sampling programs, undertaken between 1980 and 1985, involved drilling holes into both east and west drift walls to test the hangingwall and footwall portions of the individual vein structures. Holes were collared at spacings of between 4.5 and 12 metres along D and Prosperity drift tunnels and were drilled slightly upwards to allow the collection of sludge (rock cuttings) samples for each 1.22 metres of hole using a fiberglass trough and a plastic pail. Entire contents from each 1.22 metres of hole length were submitted for assay (Kenyon, 1984).

Significant results for test holes drilled in 1980 and 1981 to test the hanging- and footwalls of both D and Prosperity Veins are listed below. These results only include those holes with silver values of 170 grams/tonne or more and over minimum hole lengths of greater than 1.22 metres. Hole locations are relative to mine grid.

D Vein Test Holes

Hole No.	Location	Length (m)	Ag (g/t)	Pb (%)	Zn (%)
TH 1	13800N 22177E	4.88	418	1.66	1.55
TH 2	13808N 22820E	3.05	274	0.57	1.25
TH 5	13864N 22172E	1.22	230	0.44	2.39
TH 8	13912N 22165E	7.92	876	1.70	2.47
TH 10	13941N 22150E	3.66	1604	4.18	1.98
TH 11	13970N 22138E	1.22	425	0.40	0.44
TH 14	14640N 22123E	3.66	455	1.05	1.10
TH 16	14860N 22105E	4.88	1940	5.32	3.96
TH 29	13717N 22234E	3.66	301	0.94	0.72
TH 32	13689N 22240E	3.66	737	1.07	2.62
TH 33	13656N 22267E	3.66	271	0.51	1.11

Prosperity Vein Test Holes

Hole No.	Location	Length (m)	Ag (g/t)	Pb (%)	Zn (%)
TH 1	13592N 21235E	1.22	206	0.93	0.90
TH 2	13590N 21240E	2.44	2321	7.17	0.65
TH 3	13577N 21235E	1.22	432	2.30	0.67
TH 4	13575N 21242E	1.22	693	6.65	0.66

Hole No.	Location	Length (m)	Ag (g/t)	Pb (%)	Zn (%)
TH 5	13540N 21241E	4.88	1717	9.33	1.36
TH 6	13512N 21248E	9.14	1235	3.21	0.35
TH 7	13480N 21246E	1.22	3669	8.12	3.95
TH 8	13480N 21252	1.22	2709	7.98	0.92
TH 9	13620N 21211E	2.44	3753	14.70	0.87
TH 10	13638N 21198E	1.22	1203	5.63	0.62
TH 11	13676N 21185E	4.88	261	0.68	1.67
TH 12	13671N 21178E	2.44	1094	2.25	0.68
TH 13	13719N 21184E	1.22	213	0.98	1.18
TH 14	13723N 21177E	1.83	1039	4.83	1.25
TH 15	13760N 21174E	2.44	439	0.81	0.57

Note that a number of similar test holes were drilled by Teck Explorations in 1985 to confirm results of earlier holes, particularly those drilled to test the Prosperity Vein (Folk, 1986). Results from these were not always in agreement with earlier holes and in some cases returned silver values of 30% of the initially reported grade. The 1980 and 1981 sampling procedures are described in detail in earlier reports (Clarke, 1981; Kenyon, 1982) while only a few details are available for the later test hole drilling. For this reason, results for only the early 1980s holes are reported here.

SAMPLE PREPARATION, ANALYSES AND SECURITY

Various reports indicate that drill cores recovered between 1975 and 1985 were sampled over intervals of about 1 metre or less and samples were halved using a core splitter with one-half submitted to the laboratory and one-half being retained on site as a rock record. The current condition of the drill cores on site is not known. As noted in the previous section, all sludges or rock cuttings recovered from the numerous test or percussion holes drilled between 1980 and 1984 were submitted for assay.

Details pertaining to drilling programs completed between 1975 and 1985 are available in a number of reports listed in the References section of this report and the writer is of the opinion that core logging and sampling was carried out by qualified personnel involved in past programs. Only a few details are available regarding analytical procedures but it is apparent that most samples were subjected to traditional assay procedures. The two laboratories used for most of analytical work included Chemex Labs Ltd., where most of the 1980s analytical work was carried out, and TSL Laboratories Ltd. where 1970s drill core samples were analyzed. Some the earlier rock sample analyses were undertaken at Coast Eldridge. All of the foregoing were well recognized laboratory facilities at the time.

Samples collected by Premier Gold Mining Company, Limited during the extensive and detailed underground sampling program of the Prosperity and Porter Idaho workings in the late 1920s and early 1930s were analyzed at an on site assay office operated by Premier.

DATA VERIFICATION

Some of the historical information used in the preparation of this report is on public record in the form of property descriptions in BC Minister of Mines Annual Reports and other BC Ministry of Energy Mines and Petroleum Resources publications including Bulletins. Some of the information was filed as assessment reports with the provincial ministry and miscellaneous maps

and other data are contained in the Property File which is maintained by the same agency.

As noted previously, much of the technical information used in the preparation of this report was provided from the extensive files maintained by Raimount Energy Inc. The writer has no reason to doubt the quality or veracity of these data nor is there any reason to question the analytical results as presented. The writer is of the opinion that the development work undertaken between the late 1920s through the early 1950s was accomplished by skilled operators and it is a matter of record that the exploration work completed between 1975 and 1985 was supervised and reported on by competent, qualified persons including R.H. Seraphim, P.Eng., W.E. Clarke, P.Eng., J.M. Kenyon. P.Geol., and P.G. Folk. P.Eng.

The writer did not collect any samples for analyses during the examination of the property in late August of 2007. As noted in a previous section of this report, surface exposures of vein material are limited and the various underground workings are currently barred from entry. Results of historic and more recent sampling of the Prosperity – Porter Idaho – Silverado property provide a reasonable assessment of average grades and, in the view of the writer, the collection of a few surface samples for analyses would not have provided any meaningful results.

MINERAL PROCESSING AND METALLURGICAL TESTING

There is no record of any detailed metallurgical test work having been performed on samples from the property over the past twenty-five years. A preliminary study was performed on mineralized material from an unreported location on the property by Kamloops Research and Assay Laboratories Ltd. in early 1982 (Lafeniere and Brown, 1982). An unspecified sample size was described as having been prepared into several 1 kilogram composite samples and a head sample of these composites was reported to grade less than 0.001 oz/ton (<0.30 gram/tonne) gold, 16.4 oz/ton (562 grams/tonne) silver, 2.09% lead, 0.66% zinc, 0.04% copper and less than 0.01% cadmium.

Test work on three of the 1 kilogram composites indicated that the material was amenable to standard flotation methods, producing a silver rich, relatively low grade lead concentrate which was described as being "fairly easy to market" (Lafeniere and Brown, 1982). Silver recoveries of up to 80% were achieved by fine grinding (90% passing -200 mesh) and it was reported that these recoveries might be improved by way of a finer grind.

As noted previously, the provenance of the sample submitted for metallurgical test work is unknown and therefore it cannot be assumed that the sample was representative of the mineralization contained in the several veins structures known on the property. The estimated chemical composition of the concentrate produced from the three composite samples indicates the presence of some potentially deleterious elements including 0.28% antimony, 0.12% arsenic and 23 ppm (parts per million) mercury (Lafeniere and Brown, 1982).

MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

Background

Results of 1975 through 1985 diamond drilling and test hole drilling, coupled with the results of detailed underground sampling by Premier Gold Mining Company, Limited in the 1930s have been used by the writer to prepare a current estimate of Mineral Resources for the Prosperity and D Vein structures on the Prosperity – Porter Idaho property.

Several historical estimates of "reserves" were prepared in the 1980s for the two vein structures and these predate, and therefore are not in compliance with provisions as specified by National Instrument 43-101, including reference to CIM Standards on Mineral Resources and Reserves – Definitions and Guidelines. While the writer is of the opinion that these estimates are relevant in the context of providing an understanding of the distribution of silver mineralization on the Prosperity – Porter Idaho property, the issuer is not treating the historical estimates as current mineral resources.

Comparisons with some of the original estimates are rendered difficult inasmuch as only a few parameters used in arriving at these estimates were reported. All of these early estimates were expressed in Imperial units of measure and tonnage factors used appear to be in the range of 12. An initial estimate for D Vein by Clarke (1981) was 1,000 tons (907 tonnes) per vertical foot at an average grade of 16.26 oz/ton (557 grams/tonne) silver over an average width of 23 feet (7 metres). This estimate was based on the results of a number of 1981 test holes and chip sampling of crosscuts on D tunnel. Clarke also noted that "erratic high silver assays were cut to the average of an individual test hole or group of chip samples".

The Canadian Mines Handbook for 1989 (page 355) reports a reserve of 826400 tonnes at an average grade of 668.5 grams/tonne silver plus 5% combined lead-zinc (Alldrick, 1993). This estimate is thought to include "probable and possible reserves" for both the Prosperity and D Veins. Two estimates of "probable reserves", undertaken on behalf of Pacific Cassiar Limited between 1983 and 1986, are as follows:

Estimator	Year	Structure	Tonnes	Ag (grams/tonne)
Zimmerman	1983	D Vein	272000	559
		Prosperity	90700	1063
	Combined		248462	685
Kenyon	1983	D Vein	409057	565 (includes 3 zones)
		Prosperity	181400	1030
	Combined		590457	708

Folk (1986) prepared estimates of "drill indicated" and "possible reserves" following the exploration programs completed by Teck Explorations Limited in 1985. These are the only estimates for which some of the parameters used are reported. These include a cutoff grade of 343 grams/tonne silver (10 oz/ton) and a minimum width of 1.22 metres (4 ft.). The estimate for D Vein "drill indicated" reserves is based solely on four 1985 surface and underground drill holes (TS-2, TS-3, TUG-1, TUG-4 – Figure 10) completed by Teck immediately below the main D adit level. Estimates for D Vein and two small zones on the Prosperity Vein are as follows:

Folk	1986	D Vein	41083	1587
		Prosperity	8275	1334 (includes 2 zones)
	Combined		49358	1544

Folk (1986) also prepared estimates of "possible reserves" for D Vein upper (3rd) and lower (E shaft tunnel – Figure 10) which totaled 81.5 thousand tonnes averaging 592 grams/tonne silver.

The foregoing historical estimates use categories other than those prescribed by NI 43-101. "Probable" and "drill indicated" reserves are considered to be equivalent to Indicated Mineral Resources while "possible" reserves would be similar to Inferred Mineral Resources. The writer has used the same data as previous estimators to provide an estimate of current mineral resources.

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Consulting Geologist

Current Estimates of Mineral Resources

The writer undertook a preliminary estimate of mineral resources contained in two of the principal vein structures on the Prosperity – Porter Idaho property for the 2008 report prepared for Raimount Energy Inc., the former parent of Mount Rainey Silver Inc. (Carter, 2008). These estimates were prepared pursuant to CIM Standards on Mineral Resources and Reserves – Definitions and Guidelines, developed by the CIM Standing Committee on Mineral Resources and Reserves and adopted by CIM Council December 11, 2005. CIM Council adopted an update to these definitions and guidelines November 27, 2010 and after a review of this update, the writer is of the opinion that the estimates of mineral resources contained in the 2008 report may be considered as current for purposes of this report.

Data used in preparing the estimates included a wealth of historic and more recent underground sampling information. Specifically, the database includes the results of detailed channel sampling, at 5 ft. intervals, of drift and sublevel backs by Premier Mines in 1930, complemented by the results obtained from underground test hole (percussion) drilling and surface and underground diamond drilling completed by Pacific Cassler Limited and Teck Explorations Limited in the 1980s.

All of the available sampling information has been used to arrive at a reasonable estimate of weighted average silver grades within the D and Prosperity vein structures. Less detailed estimates of lead and zinc values are based principally on the results obtained from underground test holes, supplemented in part by 1930s Premier underground sampling. Specifically, information used for estimating mineral resources for D Vein included the results from five underground and surface drill holes completed in 1984 and 1985, seventeen 1980 underground test (percussion) holes, six 1980 crosscut samples and 78 detailed channel samples collected and analyzed by Premier Gold Mining Company, Limited between 1929 and 1931. Similarly information used in estimated mineral resources for Prosperity Vein included the results from twenty-six 1980 and 1985 underground test holes and 36 Premier channel samples.

The writer is of the opinion that the first set of resource estimates reported here may be considered to be Indicated Mineral Resources, defined by CIM Standards on Mineral Resources and Reserves as being "that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed".

The estimates of Indicated Mineral Resources for the D Vein and Prosperity Vein structures are shown on Figures 10 and 11 and are summarized in the following table.

Indicated Mineral Resource

Structure	Tonnes	Ag (grams/tonne)	Lead (%)	Zinc (%)
D Vein – above adit level	84239	552	2.40	2.03
- below adit level	82901	976	2.40	2.03
Subtotal	167140	761	2.40	2.40
- portal dump	16330	480	2.40	2.03
- E shaft tunnel	37930	778	1.57	0.44
Total D Vein	221400	743	1.57	0.44

Structure	Tonnes	Ag (grams/tonne)	Lead (%)	Zinc (%)
Prosperity Vein	173300	1029	4.81	0.97
Total Indicated Resource	**394700**	**868**	**3.37**	**1.41**

(435,000 tons @25.2 oz/ton silver = a contained 11 million ounces)

Note that D Vein portal dump estimates are from Kenyon (1984).

Estimates of Inferred Mineral Resources were also prepared for both D and Prosperity Veins. An Inferred Mineral Resource, is defined (CIM Standards on Mineral Resources and Reserves Definitions and Guidelines) as being "that part of a Mineral Resource for which the quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes."

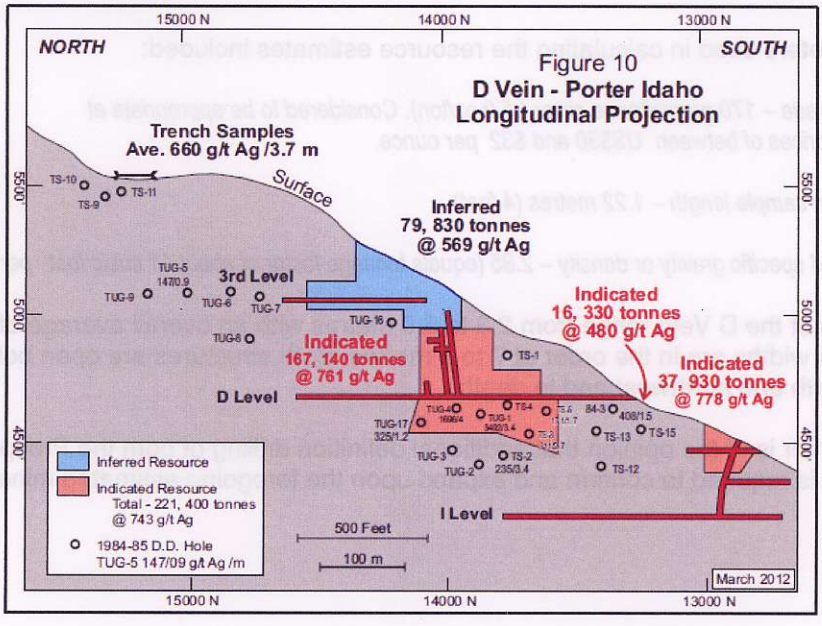
The distribution of Inferred Mineral Resources for D Vein and Prosperity Vein are shown on Figures 10 and 11 respectively. Note that the inferred resources for D Vein are immediately above the indicated resource above D Level while the prosperity Vein inferred resource is contained in an isolated block near the end of the 300 Level. Inferred Mineral Resources are summarized in the following table.

Inferred Mineral Resource

Structure	Tonnes	Ag (grams/tonne)
D Vein	79830	569
Prosperity Vein	9070	819
Total Inferred Resource	88900	595

(97,970 tons @ 17.3 oz/ton silver = a contained 1.7 million ounces)

Note that both the Indicated and Inferred categories are mineral resources and do not have demonstrated economic viability.



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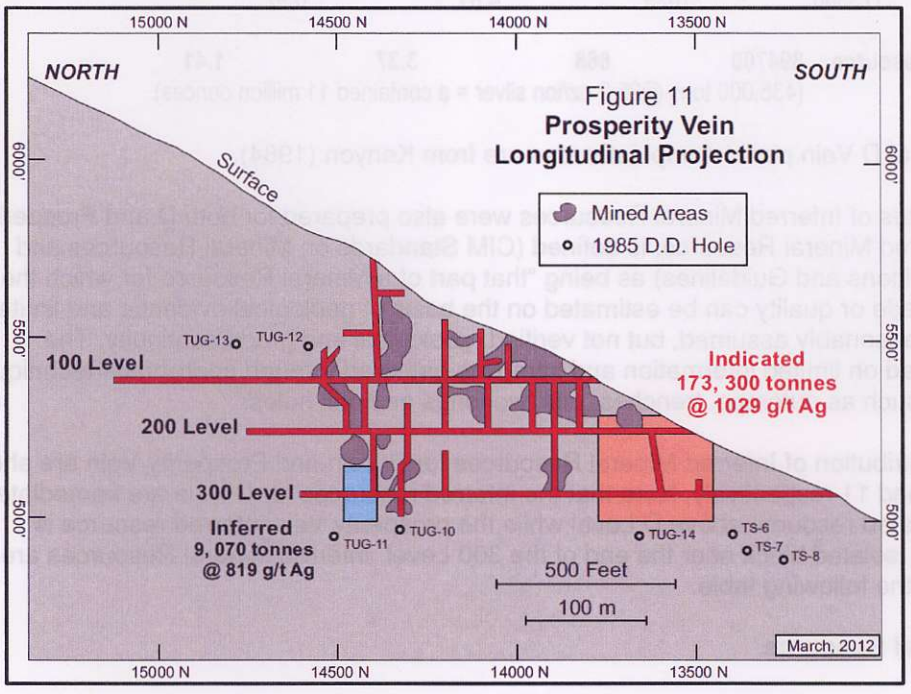


Figure 11
Prosperity Vein
Longitudinal Projection

The foregoing Indicated and Inferred Mineral Resources were calculated for each vein structure by the construction and measurement of polygons on plans and longitudinal projections. All of the historic data used were in Imperial units of measurement, consequently the initial resource estimates were prepared using such units and subsequently converted to metric units. Note that insufficient data were available to estimate average lead and zinc values for the Inferred Mineral Resources.

Parameters used in calculating the resource estimates included:

Cutoff grade – 170 grams/tonne silver (5.0 oz/ton). Considered to be appropriate at current prices of between US$30 and $32 per ounce.

Minimum sample length – 1.22 metres (4 feet)

Assumed specific gravity or density – 2.85 (equals tonnage factor of about 11 cubic feet per short ton.

Widths of the D Vein range from 2.3 to 6.0 metres with an overall average of 4.5 metres. Prosperity Vein widths are in the order of 7 to 8 metres. Both structures are open both along strike to the north and northwest and to depth.

The writer is of the opinion that additional definition drilling of both the Prosperity and D vein structures is required to confirm and expand upon the foregoing estimated mineral resources.

ADJACENT PROPERTIES

There are numerous known mineral occurrences and deposits in the vicinity of the subject mineral property. The most significant of these include the past producing Premier gold-silver mine and the Red Mountain gold deposit discovered in 1989. The locations of both are shown on Figure 4. Both are examples of epigenetic vein deposits related to early Jurassic igneous activity (Texas Creek intrusions) as opposed to the early Tertiary intrusions with which the Silverado, Prosperity and Porter Idaho silver mineralization is related.

Between 1918 and 1968 the Premier gold-silver mine processed some 4.3 million tonnes yielding recovered grades of 13.27 grams/tonne gold (1.82 million ounces) and 300 grams/tonne silver (41.1 million ounces) plus lead, zinc and copper credits (BC Minfile production statistics). Renewed mining and milling in the early 1990s was not as successful as earlier operations.

Gold mineralization associated with a smaller Texas Creek intrusion was discovered on Red Mountain some 20 kilometres east of Stewart in1989 (Figure 4). Extensive diamond drilling and underground development indicated that zones of better mineralization were developed at the contact between the early to mid-Jurassic intrusion and enclosing Hazelton group volcanic and sedimentary rocks. NI 43-101 compliant resource estimates for Red Mountain were reported (Seabridge Gold Inc. February 17, 2005 news release) as being a Measured and Indicated 1.63' million tonnes grading 7.8 grams/tonne gold and an Inferred 2.1 million tonnes grading1.09 grams/tonne. All estimates employed a 1.0 gram/tonne gold cutoff grade.

Note that both of the foregoing are gold-rich deposits. Premier is a polymetallic vein deposit with good silver grades in addition to recoverable lead, zinc and copper while Red Mountain is primarily a gold deposit. The principal commodity at the Mount Rainey deposits is silver with lesser lead and zinc values. Past production records plus records of detailed underground sampling also indicate a potentially significant gold content of slightly less than 1 gram/tonne.

Examples of silver-rich deposits in the general area include those near the headwaters of Kitsault River and south of the Cambria Icefield some 35 kilometres southeast of the Mount Rainey deposits (15 kilometres southeast of the southern border of Figure 4). These have been described in recent times (Dunne and Pinsent, 2002) as silver-rich quartz-carbonate-sulphate deposits featuring barium and strontium values in addition to lead and zinc. It is thought (Pinsent, 2001; Dunne and Pinsent, 2002) that these may be structurally controlled, epigenetic replacement deposits and/or products of syngenetic, subaqueous hotspring, low sulphidation processes similar to those that formed the gold-rich Esiray Creek deposits. However, gold values within the Upper Kitsault silver deposits are essentially non-existent.

Two of the silver deposits in the Upper Kitsault area recorded significant production. The Dolly Varden mined and shipped 33,400 tonnes with an average recovered silver grade of 1300 grams/tonne between 1919 and 1921. Some 1.25 million tones mined and processed at the adjacent Torbrit Silver mine between 1949 and 1959 yielded recovered grades of 463 grams/tonne silver plus 0.39% lead and 0.02% zinc. Gold production was recorded as being 3452 grams over the life of the mine. Note that the foregoing production statistics were derived from BC Minfile.

The foregoing descriptions of various properties in the general area of the Mount Rainey holdings are intended to provide background information only. Much of this information has not been personally verified by the writer with the exception of the Upper Kitsault area where the writer examined and reported on a number of mineral properties in various Provincial government publications between 1964 and 1972. The foregoing background information is not necessarily

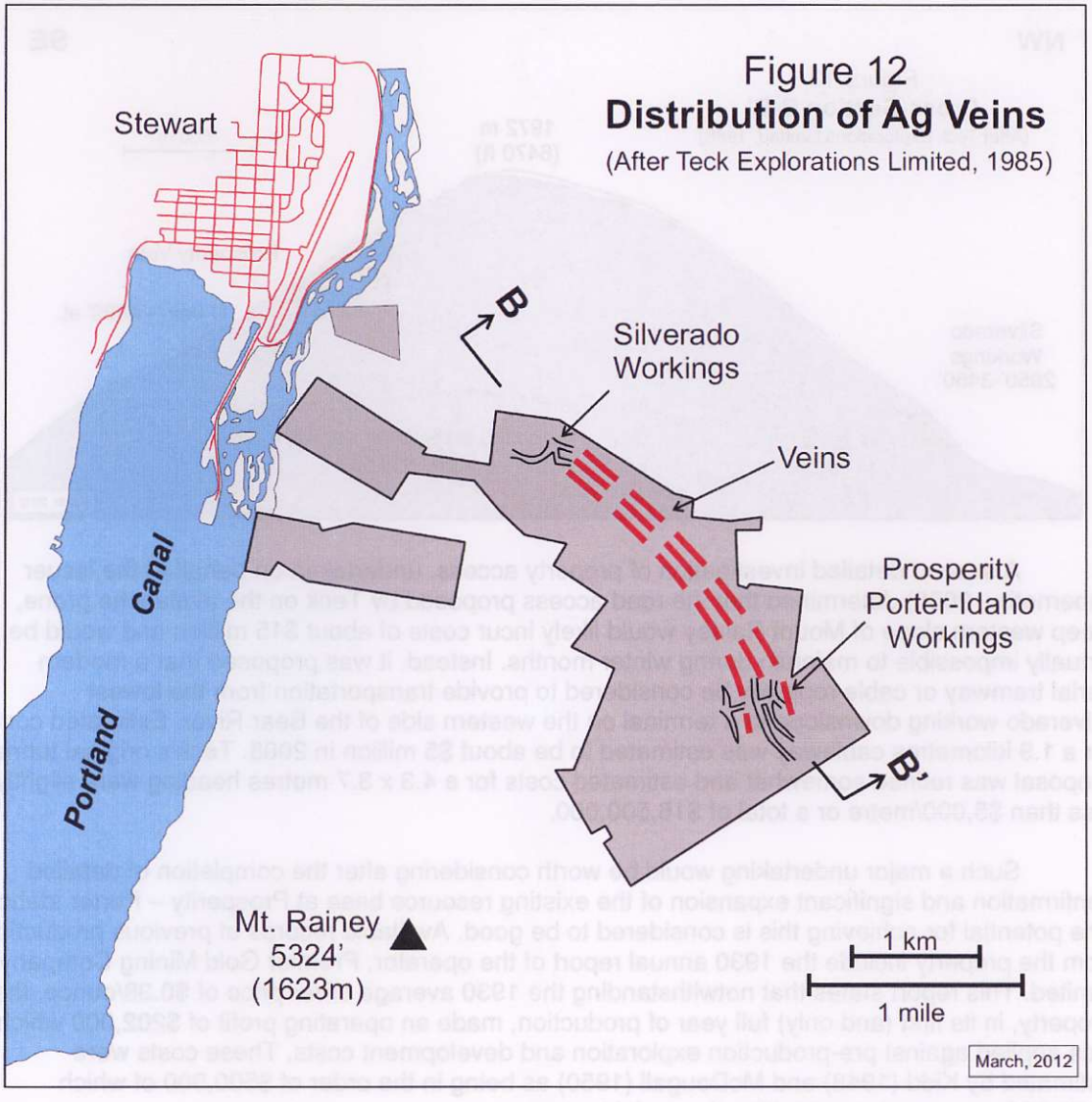
indicative of the mineralization on the Mount Rainey property which is the subject of this technical report.

INTERPRETATION AND CONCLUSIONS

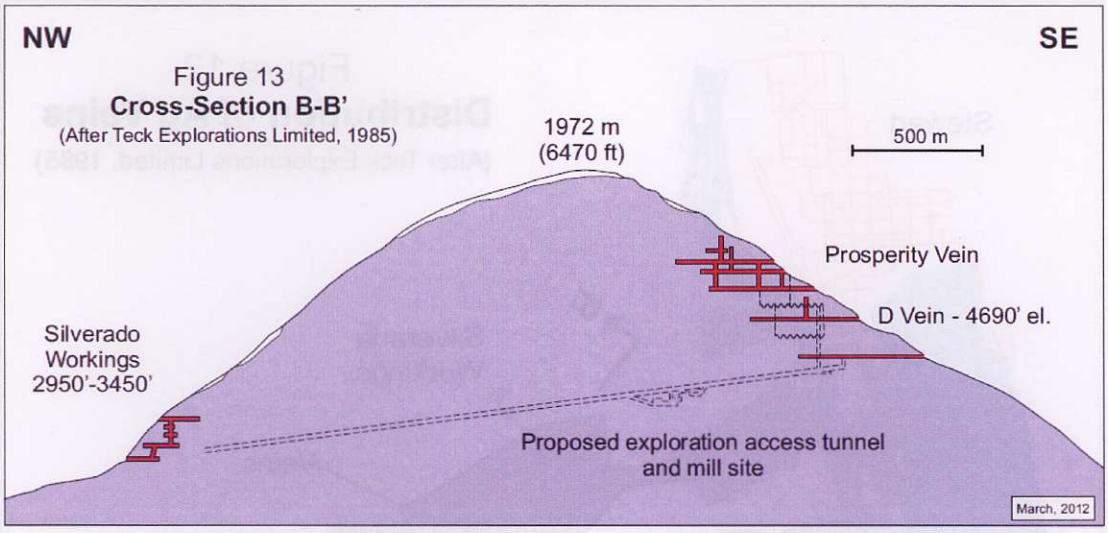
The Prosperity – Porter Idaho – Silverado property includes ten known silver-bearing vein structures which have been partially explored and developed by more than 6000 metres of underground workings and various drilling programs over the past 90 years. Limited production of high grade, direct shipping ore was undertaken between 1929 and 1931. This early development work, coupled with exploratory work between 1980 and 1985, has provided sufficient detailed information to permit an estimate of indicated and inferred mineral resources for two of the Prosperity – Porter Idaho vein structures. Good grades of silver mineralization are present over reasonably good widths and both structures are open down-dip and along strike to the north.

The Silverado veins have not been investigated to any great degree since the late 1940s. The character and structural setting of the four known veins are similar to the Prosperity – Porter Idaho veins and the possible structural continuity between the two vein systems has been the subject of speculation since the 1930s.

Figures 12 and 13 are diagrams which illustrate this point. As stated previously, much of the intervening +2 kilometres area between Silverado and Prosperity – Porter Idaho is obscured by the Silverado Glacier, greatly hindering surface exploration. One of the other difficulties in conducting additional work on both parts of the property is the lack of conventional access. Figure 13 shows an alternative option for access between the Silverado and the Prosperity - Porter Idaho that was originally proposed in the 1940s. As originally proposed, a plus 3 kilometres long tunnel would connect the lowest underground workings in both parts of the property and would not only have provided an access route, but also a possible heading for underground exploration of the apparent prospective ground between the two areas of known mineralization. This proposal did not address a means of access to the lowest Silverado workings on the steep west-facing slope of Mount Rainey above Stewart.



A 1980s study sponsored by Teck Explorations limited examined the possibility of an access road from the eastern side of the Bear River bridge north of Stewart which would switchback up the west facing slope of Mount Rainey to the lowest Silverado underground working at about 900 metres elevation. From there, a 3.3 kilometres long exploration and mining tunnel would be driven southeasterly to the lowest underground workings on the Prosperity – Porter Idaho side of the property.



A second detailed investigation of property access, undertaken on behalf of the issuer (Abernethy, 2008) determined that the road access proposed by Teck on the avalanche prone, steep western slope of Mount Rainey would likely incur costs of about $15 million and would be virtually impossible to maintain during winter months. Instead, it was proposed that a modern aerial tramway or cable ropeway be considered to provide transportation from the lowest Silverado working downslope to a terminal on the western side of the Bear River. Estimated costs for a 1.9 kilometres cableway was estimated to be about $5 million in 2008. Teck's original tunnel proposal was refined somewhat and estimated costs for a 4.3 x 3.7 metres heading were slightly less than $5,000/metre or a total of $16,500,000.

Such a major undertaking would be worth considering after the completion of detailed confirmation and significant expansion of the existing resource base at Prosperity – Porter Idaho. The potential for achieving this is considered to be good. Available records of previous production from the property include the 1930 annual report of the operator, Premier Gold Mining Company, Limited. This report states that notwithstanding the 1930 average silver price of $0.38/ounce, the property, in its first (and only) full year of production, made an operating profit of $202,000 which was applied against pre-production exploration and development costs. These costs were estimated by Kidd (1948) and McDougall (1950) as being in the order of $500,000 of which $175,000 was spent constructing the aerial tramway.

Recommended work programs are the subject of the next section of this report.

RECOMMENDATIONS

The writer is of the opinion that the Prosperity – Porter Idaho – Silverado property is of sufficient merit to warrant further investigation and a two-phase work program is recommended.

A first phase program is recommended to include surface prospecting, geological mapping and sampling in and around historic workings with emphasis on the margins of the Silverado Glacier which has receded since the completion of the last work programs. First priority for such a program is the area of the Silverado veins in the northwestern property area. The toe of the glacier above the existing workings has retreated substantially in this part of the property and possible extensions to known veins plus possible new structures may be exposed.

N.C. Carter, Ph.D. P.Eng.
Consulting Geologist

The same may hold true for the Prosperity and Porter Idaho areas where similar recession of the southern margin of the Silverado Glacier and adjacent snowfields (see Figure 6) has taken place since the mid-1980s exploration programs. Similarly, the western margin of the glacier between Silverado and Prosperity – Porter Idaho may also be prospective for indications of new mineralization.

It is also worthy of note that no determinations of gold grades were carried out as part of the programs completed on the property in the 1970s and 1980s. Results of detailed sampling carried out by Premier Gold Mines in the late 1920s – early 1930s included assay values for gold and production figures for the same time frame showed recovered gold grades of slightly less than one gram/tonne. This is considered significant in the context of current gold prices and it is recommended that analyses for gold be a routine part of future exploration programs.

It is also recommended that the services of a land surveyor be retained to locate the positions of the historic workings (and existing mine grid) relative to North American Datum (NAD) 83.

A re-establishment of camp facilities near the Prosperity and Porter Idaho underground workings will also be required. While the recommended programs will be dependent on helicopter access, it is recommended that various options pertaining to other means of access continue to be investigated.

There are no records of previous geophysical surveys in the area of known shear zones which host the silver-bearing veins. Consequently, it remains to be determined if these structures have a geophysical response. To address the possibility of the shear zones having a geophysical signature, it is proposed that a helicopter-borne magnetic and time domain electromagnetic survey of the property area be undertaken as part of a Phase I program. As envisioned, north-northeast flight lines at 100 metres spacings and roughly parallel to the topography, would be approximately normal to the principal structural trend shown on Figure 12. The 160 line kilometres of survey should determine potential geophysical signatures over known silver-bearing structures and it would also be useful in determining the nature and extent of possible geophysical response beneath the Silverado Glacier which separates the Silverado and Prosperity – Porter Idaho vein systems.

Since the main component of a first phase work program is recommended to consist of additional drilling of the principal silver-bearing structures, mainly from existing underground workings, a re-opening of at least three of these headings will be required. At the time of the 2008 property visit, it was noted that the portal of the Prosperity No. 3 level (Figure 14) had been barred from entry, probably following the cessation of the 1985 program. The entrance to I tunnel is also believed to blocked while anecdotal evidence suggests that the portal of the Silverado 3 Level (Figure 17) is open. The recommended underground drilling involves the use of all three of these headings and it is anticipated that an as yet to be determined amount of rehabilitation work will be required to secure access to the proposed drill stations.

The Prosperity No. 3 level was used to establish several drill stations in the mid-1980s and some work was reportedly undertaken on both the D and I tunnels about the same time. There is no record of underground work at Silverado since the late 1940s.

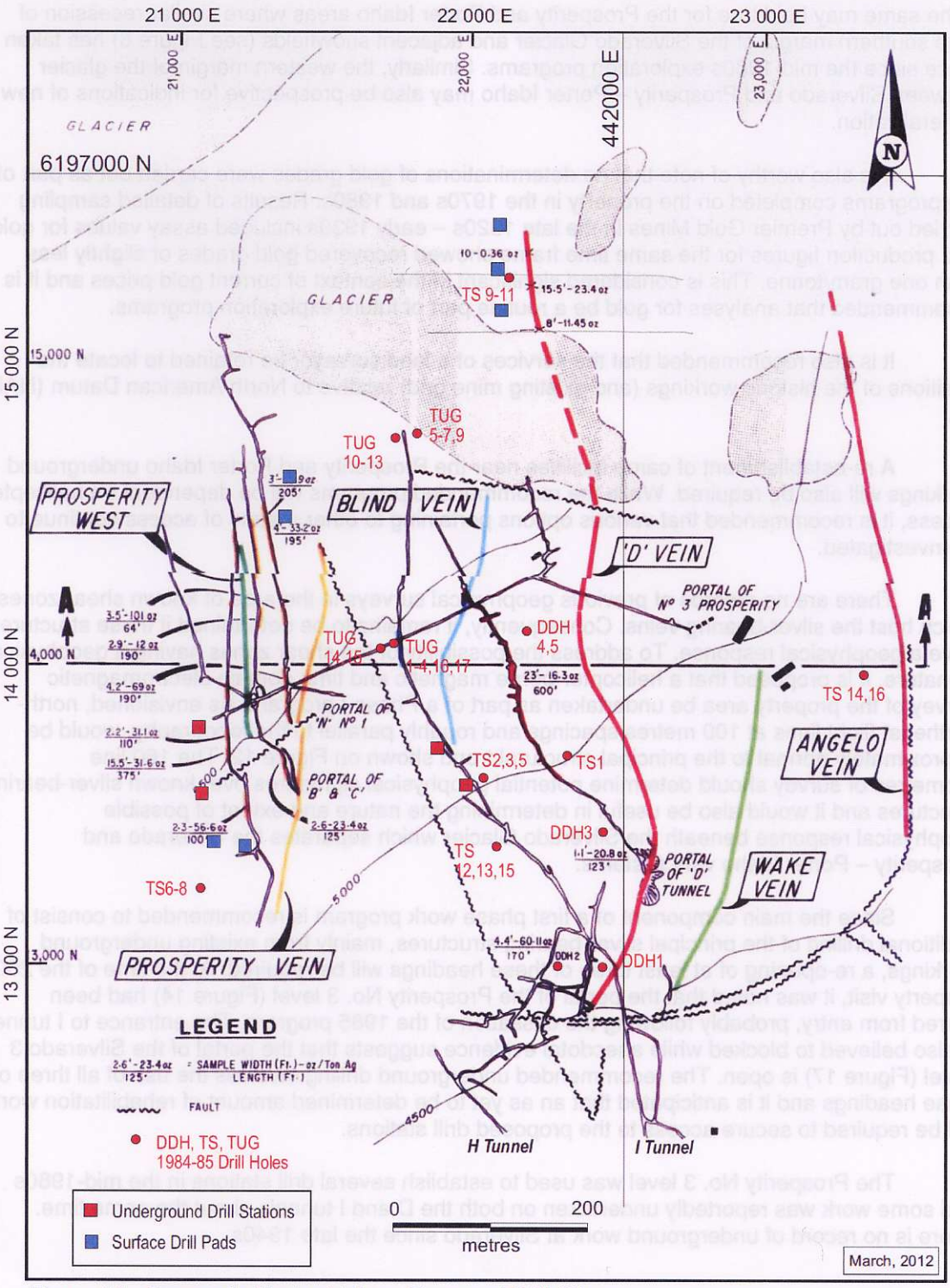


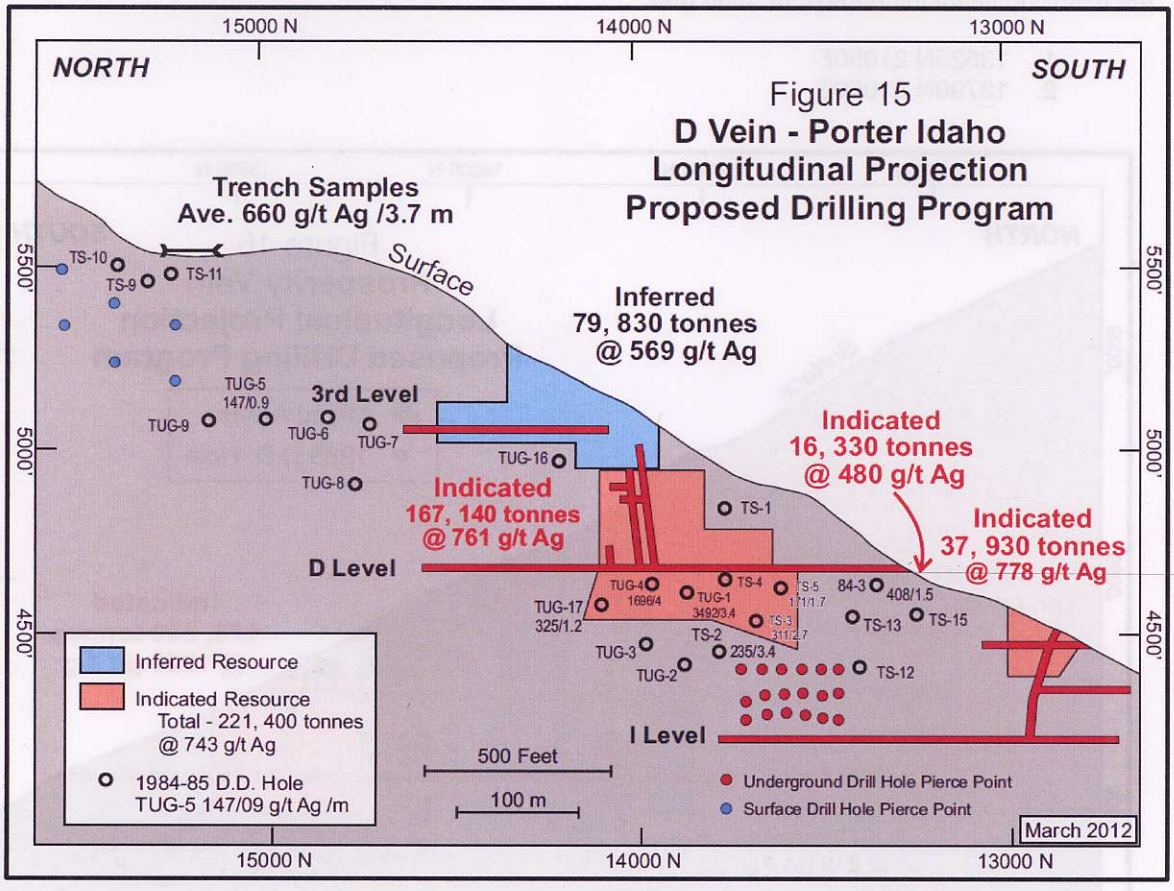
Figure 14 - Prosperity-Porter Idaho - Proposed Drill Sites

Some surface drilling is also recommended for both the Prosperity and D vein structures. In detail, the proposed drilling programs to test these and the Silverado veins are as follows.

It is proposed that D Vein be further explored by some 1200 metres of underground

drilling from two drill stations established near the present limits of I tunnel which is 145 metres vertically below D level (Figure 14). As indicated on Figure 15, D vein was previously tested by a number of 1980s Teck surface and underground drill holes within a vertical interval extending some 80 metres below D level. I tunnel, as known, was driven in the footwall of D Vein; as exposed in D tunnel, the structure is northeast of I tunnel (Figure 14) but the attitude of the down dip extension suggests that the vein may be 30 metres or so above I level. As proposed, the new program would involve detailed drilling of the structure below the previously tested interval by way of a number of "up" holes which would provide current information re the extent and continuity of higher grade silver values between the D and I levels. Drill stations would be established at the following two locations relative to the existing mine grid.

1. 13600N 22020E
2. 13740N 21985E



Nine "up" holes, consisting of 1250 metres of drilling, would be drilled from each station by way of three fans of holes on azimuths 270 (090), 240 (060) and 210 (030) degrees and at inclinations +80, +60 and +10 degrees. As shown by the anticipated drill hole pierce points on Figure 15, D vein would be tested by 18 holes at approximately 20 metres spacings.

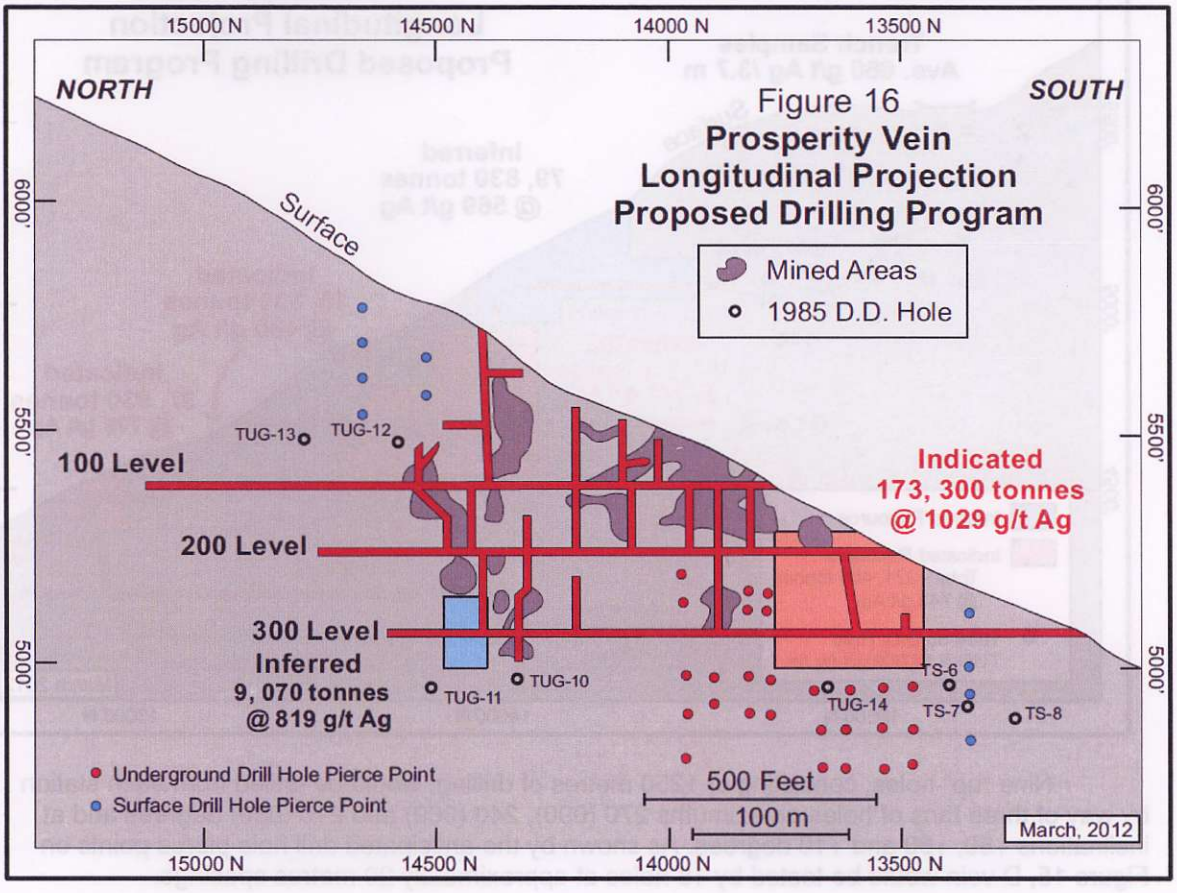
The northernmost known extension of D vein, exposed in a trench 850 metres north of D tunnel portal, was previously tested by three surface holes drilled by Teck from a single setup in 1985 (Figures 14 and 15). With the very real possibility of there having been significant recession of the bordering snowfield, it is proposed that this part of the structure be further tested by six shallow, inclined holes from three drill pads 33 metres apart as shown on Figure 14. This should

allow for all holes to be drilled at azimuths normal to the structure as opposed to the oblique angles in two of the previous holes. Anticipated pierce points for the six holes are shown on Figure 15. Proposed drilling would total 550 metres and the three drill pads would be at the following locations relative to mine grid.

1. 15170N 22000E
2. 15330N 22000E
3. 15490N 22000E

The recommended drilling to further test the Prosperity vein would be similar to the foregoing program proposed for D vein. The 305 Drift South, at the western limits of the 300 level and off 305 crosscut (Figure 14), would be used to establish two drill stations off one existing and one new short crosscut. An area immediately below and north of the current resource limits (Figure 16) would be tested by some 27 closely spaced holes. The two drill stations would be at the following locations relative to mine grid.

1. 13525N 21050E
2. 13790N 21050E



Four fans of holes, proposed for the first station, would have azimuths of 115, 090, 075 and 040 degrees and inclinations of -25, -75 and -90 degrees. A similar pattern of holes are proposed for the second station but would also include some "up" holes at inclinations of +25 and +35 degrees. Hole lengths would be between 55 and 70 metres and the anticipated total underground drilling would be in the order of 1800 metres. In addition to the construction of the

two drill stations, an existing short crosscut would have to be lengthened and a new one driven. The underground program is expected to expand upon the existing resource in this part of the Prosperity vein.

Surface drilling is also recommended to test the potential extensions of near surface, oxidized higher grade silver values within the Prosperity vein both north and south of the limits of historic mining (Figure 16). Drill pad locations relative to mine grid are as follows.

1. 14600N 21370E
2. 14470N 21350E
3. 13400N 21095E
4. 13400N 21270E

Three and four holes, to be drilled on an azimuth of 090 degrees and at inclinations of between -45 and -90 degrees, are proposed for the first two drill pads. Hole lengths are expected to be between 50 and 150 metres. Two short inclined holes are also proposed for each of the two southern drill pads.

A program of underground drilling is also recommended to test the various Silverado shear and vein structures in the northwestern property area. While historic drilling has been reported for Silverado, there is no information available pertaining to hole locations or results. It may be that the most favourable logistics for this program would involve helicopter access directly from Stewart rather than erecting a camp on the property.

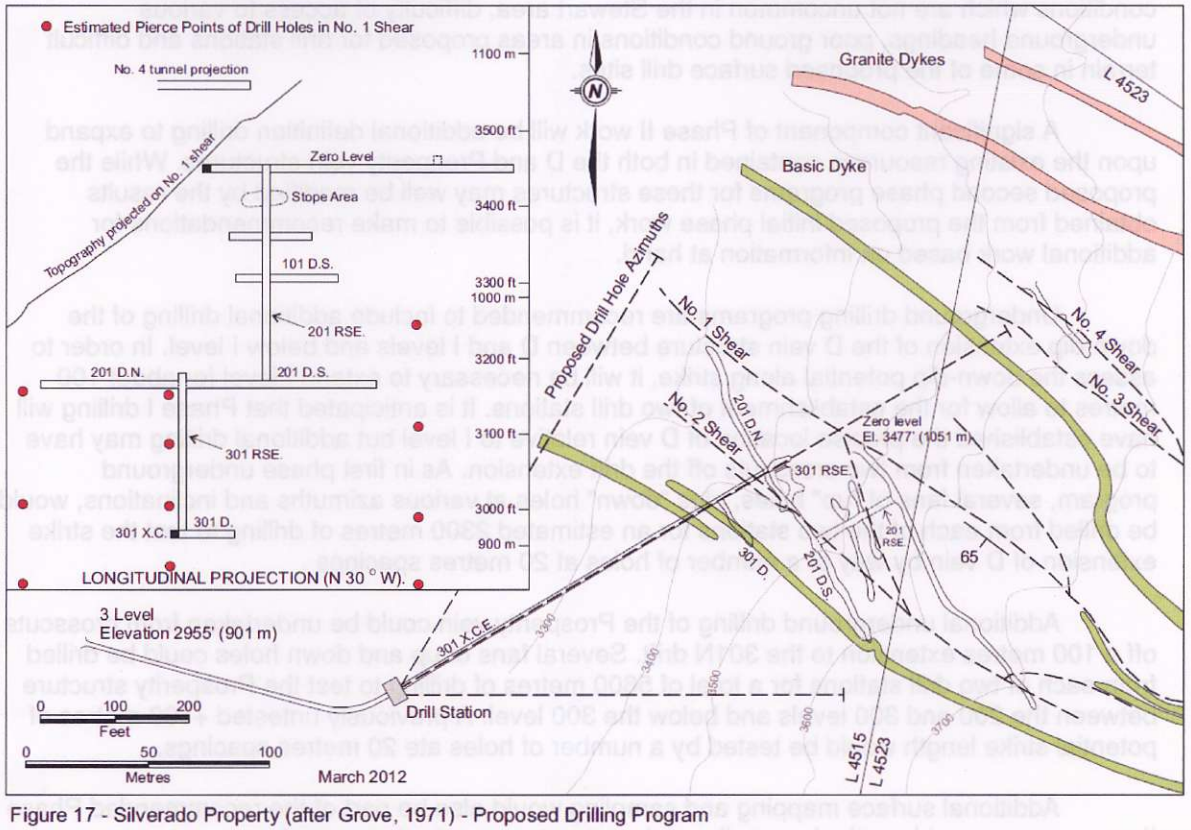


Figure 17 - Silverado Property (after Grove, 1971) - Proposed Drilling Program

An initial phase program is proposed to test the four known silver-bearing shear zones from an underground drill station to be established on the lowest underground level known as 3

Level and/or 301 crosscut at an elevation of 901 metres above sea level (Figure 17). The proposed drill station would be a relatively short distance from the portal at UTM coordinates of 444575E and 6197805N. It is proposed that four or five holes be drilled on three azimuths (030, 060, 090 degrees) at inclinations ranging from +15 to -40 degrees to test the structures over a vertical range of between 150 and 200 metres. Only the five holes to be drilled on the 060 degrees azimuth are designed to test all four of the known southerly dipping shear/vein structures; holes drilled on the 030 and 090 degrees azimuths would test the No.1 and 2 shears only (Figure 17). Hole lengths would be between 110 and 300 metres for a total of 2825 metres of drilling.

The program is intended to test the continuity of structures and grades of the known shears between and below existing underground workings. Anticipated drill hole pierce points within the No.1 shear are shown on Figure 17.

An outline for a Phase II program is also provided. This second phase program would be contingent on results obtained from first phase work only to the extent that these results will provide more rigorous guidance on the nature and scope of subsequent programs. For example, results of the initial phase airborne geophysical program may well confirm the continuity of potential silver-bearing structures beneath the Silverado Glacier and an initial program of surface diamond drilling may be both warranted and feasible. Similarly, the results of first phase diamond drilling at Silverado may be encouraging enough to mount a second program.

It is important to note here that components of both the first and second phase programs may have to be modified depending on availability of crews and equipment, adverse weather conditions which are not uncommon in the Stewart area, difficulty of access to various underground headings, poor ground conditions in areas proposed for drill stations and difficult terrain in some of the proposed surface drill sites.

A significant component of Phase II work will be additional definition drilling to expand upon the existing resources contained in both the D and Prosperity vein structures. While the proposed second phase programs for these structures may well be modified by the results obtained from the proposed initial phase work, it is possible to make recommendations for additional work based on information at hand.

Underground drilling programs are recommended to include additional drilling of the down-dip extension of the D vein structure between D and I levels and below I level. In order to assess the down-dip potential along strike, it will be necessary to extend I level for about 100 metres to allow for the establishment of two drill stations. It is anticipated that Phase I drilling will have established the precise location of D vein relative to I level but additional drilling may have to be undertaken from two crosscuts off the drift extension. As in first phase underground program, several fans of "up" holes, plus "down" holes at various azimuths and inclinations, would be drilled from each of the two stations for an estimated 2360 metres of drilling to test the strike extension of D vein by way of a number of holes at 20 metres spacings .

Additional underground drilling of the Prosperity vein could be undertaken from crosscuts off a 100 metres extension to the 301N drift. Several fans of up and down holes could be drilled from each of two drill stations for a total of 5600 metres of drilling to test the Prosperity structure between the 200 and 300 levels and below the 300 level. A previously untested +100 metres of potential strike length would be tested by a number of holes ate 20 metres spacings.

Additional surface mapping and sampling would also be part of the recommended Phase II program as would continuing studies re long term access to the property.

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Consulting Geologist

COST ESTIMATE

Phase I

Airborne Geophysical Survey	
- Time Domain EM and Magnetometer	
- 160 line km @ $270/line km	$43,200.00
- Mobilization – demobilization	$20,000.00
- Interpretation	$25,000.00
	$88,200.00
Camp Operations	
- Groceries - $30/person/day x 15 persons x 90 days	$40,500.00
- Cook, assistant/first aid attendant - $1,100/day x 90 days	$99,000.00
- Camp construction	$50,000.00
- Fuel	$54,000.00
- Rentals (generator, communications	$18,900.00
- Helicopter support - 4 hours/day @ $1500/hr x 90 days	$540,000.00
	$802,400.00
Underground rehabilitation – Prosperity and I tunnels	
- miners, shift boss, supplies and rentals	$650,000.00
Geological mapping and sampling programs	
- Geologists - 2 @ $750/day x 100 days	$150,000.00
- Geological technicians – 2 @ $400/day x 90 days	$72,000.00
	$222,000.00
Surveyor - $600/day x 25 days	$15,000.00
D Vein Diamond Drilling	
- Surface Drilling – 550 metres @ $165/metre	$90,750.00
- Drill Pad Construction – 3 @ $1,500	$4,500.00
- Underground Drilling – 1250 metres @ $165/metre	$206,250.00
- Drill station construction – 2 @ $70,000	$140,000.00
	$441,500.00
Prosperity Vein Diamond Drilling	
- Surface Drilling – 1250 metres @ $165/metre	$206,250.00
- Drill Pad Construction – 4 @ $1,500	$6,000.00
- Underground Drilling – 1800 metres @ $165/metre	$297,000.00
- Extensions to crosscuts – 90.5 metres @ $3,000/metre	$271,500.00
- Drill Station Construction – 2 @ $70,000	$140,000.00
	$920,750.00
Silverado Diamond Drilling	
- Underground Drilling – 2825 metres @ $165/metre	$466,125.00
- Underground Rehabilitation	$150,000.00
- Drill Station Construction – 1 @ $70,000	$70,000.00
	$686,125.00
Analytical Costs – 2,000 samples @ $45/sample	$90,000.00
Supervision, reporting	$45,000.00
Contingencies @ 15%	$595,000.00
Total, Phase I	**$4,285,975.00**

Phase II

Camp Operations	
- Groceries - $30/person/day x 15 persons x 60 days	$27,000.00
- Cook, assistant/first aid attendant - $1,100/day x 60 days	$66,000.00
- Fuel	$36,000.00
- Rentals (generator, communications	$12,600.00
- Helicopter support - 4 hours/day @ $1500/hr x 60 days	$360,000.00
	$501,600.00
Underground rehabilitation – Prosperity and I tunnels	
- miners, shift boss, supplies and rentals	$200,000.00
Geological mapping and sampling programs	
- Geologists - 2 @ $750/day x 60 days	$90,000.00
- Geological technicians – 2 @ $400/day x 60 days	$48,000.00
	$138,000.00
D Vein Diamond Drilling	
- I tunnel extension – 100 metres @ $3,000/metre	$300,000.00
- Crosscutting – 140 metres @ $3,000/metre	$420,000.00
- Underground Drilling – 2300 metres @ $165/metre	$379,500.00
- Drill station construction – 2 @ $70,000	$140,000.00
	$1,239,500.00
Prosperity Vein Diamond Drilling	
- 301N Drift extension – 100 metres @ $3,000/metre	$300,000.00
- Crosscutting – 140 metres @ $3,000/metre	$420,000.00
- Underground Drilling – 5600 metres @ $165/metre	$924,000.00
- Drill Station Construction – 2 @ $70,000	$140,000.00
	$1,784,000.00
Analytical Costs – 2,000 samples @ $45/sample	$90,000.00
Supervision, reporting	$40,000.00
Contingencies @ 15%	$598,000.00
Total, Phase II	**$4,591,100.00**

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CERTIFICATE of AUTHOR

I, NICHOLAS C. CARTER, Ph.D., P.Eng., do hereby certify that:

1. I am a Consulting Geologist, with residence and business address at 1410 Wende Road, Victoria, British Columbia.

2. I graduated with a B.Sc. degree in geology from the University of New Brunswick in 1960. In addition, I obtained a M.S. degree in geology from Michigan Technological University in 1962 and a Ph.D. degree in geology from the University of British Columbia in 1974.

3. I have been registered with the Association of Professional Engineers and Geoscientists of British Columbia since 1966. I am a Fellow of both the Canadian Institute of Mining, Metallurgy and Petroleum and the Geological Association of Canada and am a past director of The Prospectors and Developers Association of Canada and a past president of the British Columbia and Yukon Chamber of Mines.

4. I have practiced my profession as a geologist, both within government and the private sector, in eastern and western Canada and in parts of the United States, Mexico and Latin America for more than 40 years. Work has included detailed geological investigations of mineral districts, examination and reporting on a broad spectrum of mineral prospects and producing mines, supervision of mineral exploration projects and comprehensive mineral property evaluations.

5. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirement to be a "qualified person" for the purposes of NI 43-101.

6. I am responsible for the preparation of all sections of the technical report titled Technical Report on the Prosperity – Porter Idaho – Silverado Silver Property, Stewart Area, Skeena Mining Division, British Columbia, dated March 27, 2012. I personally inspected the subject mineral property on August 28, 2007.

7. I have not had prior involvement with the property that is the subject of the Technical Report.

8. As of the date of the certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

9. I am independent of the issuer pursuant to the definition contained in section 1.5 of the Instrument.

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10. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated this 15th day of May, 2012

"Signed " and "Sealed"

N.C. Carter, Ph.D. P.Eng.

N.C. Carter, Ph.D. P.Eng.
Consulting Geologist

APPENDIX I

Prosperity – Porter Idaho Diamond Drilling Information

LOCATIONS OF SURFACE AND UNDERGROUND DIAMOND DRILL HOLES (Relative to Mine Grid)

Sea forth Mines – Pacific Cassiar 1875 Underground Holes

Hole No.	Location	Azimuth (°)	Inclination (°)	Total Depth (m)
75-1	14075N 21730E	067	-67	207.0
75-2	14075N 21730E	103	-64	203.3
75-3	14075N 21730E	085	-78	224.6
				634.9

Pacific Cassiar 1984 Surface Holes

Hole No.	Location	Azimuth (°)	Inclination (°)	Total Depth (m)
DDH 1	12995N 22420E	086	-50	27.4
DDH 1A	12995N 22420E	NA	-90	48.5
DDH 2	13000N 22295E	166	-75	52.7
DDH 3	13375N 22495E	NA	-90	52.1
DDH 4	14095N 22215E	070	-55	60.4
DDH 5	14095N 22215E	070	-75	82.0
				323.1

Teck 1985 Surface Holes

Hole No.	Location	Azimuth (°)	Inclination (°)	Total Depth (m)
TS-1	13675N 22310E	330	-57	74.7
TS-2	13605N 22020E	355	-74	206.3
TS-3	13605N 22020E	355	-86	206.3
TS-4	13605N 22020E	045	-58	178.9
TS-5	13605N 22020E	090	-75	168.9
TS-6	13245N 21065E	010	-60	175.9
TS-7	13245N 21065E	035	-63	138.4
TS-8	13245N 21065E	050	-79	114.3
TS-9	15315N 22010E	125	-78	67.7
TS-10	15315N 22010E	010	-54	53.3
TS-11	15315N 22010E	155	-55	76.8
TS-12	13415N 23015E	070	-85	182.0
TS-13	13415N 23015E	050	-59	157.6
TS-14	13995N 23015E	050	-50	94.8
TS-15	13415N 23015E	110	-64	147.5
TS-16	13995N 23315E	160	-55	103.9
				2224.1

Teck 1985 Underground Holes

Hole No.	Location	Azimuth (°)	Inclination (°)	Total Depth (m)
TUG-1	14075N 21730E	120	-51	214.3
TUG-2	14075N 21730E	120	-64	243.2
TUG-3	14075N 21730E	100	-66	272.2
TUG-4	14075N 21730E	105	-53	192.9
TUG-5	14770N 21760E	030	+3	158.8
TUG-6	14770N 21760E	070	+2.5	106.4
TUG-7	14770N 21760E	100	+1	118.3
TUG-8	14770N 21760E	100	-54	91.1

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Consulting Geologist

Hole No.	Location	Azimuth (°)	Inclination (°)	Total Depth (m)
TUG-9	14770N 21760E	010	-0.5	164.3
TUG-10	14760N 21745E	235	-15	267.9
TUG-11	14760N 21745E	245	-18	234.7
TUG-12	14760N 21745E	240	+44	208.5
TUG-13	14760N 21745E	270	+44	220.7
TUG-14	14075N 21720E	230	-20	270.7
TUG-15	14075N 21720E	225	-20	228.9
TUG-16	14075N 21730E	075	-17	178.9
TUG-17	14075N 21730E	075	-69	197.8
				3319.6

DIAMOND DRILLING RESULTS

1975 – Seaforth Mines – Pacific Cassiar

Hole No.	Vein	Interval (m)	Length (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)
75-1	Blind	11.73-12.19	0.46	3053	NA	NA	NA
	D	164.59-165.51	0.92	7	NA	NA	NA
75-2	Blind	7.62-7.92	0.30	130	NA	NA	NA
	Int.	101.35-102.11	0.76	299	NA	NA	NA
	D	179.83-182.58	2.75	80	NA	NA	NA
75-3	Blind	14.33-16.00	1.67	95	NA	NA	NA
	Int.	102.26-102.72	0.46	220	NA	NA	NA
	D	152.40-153.00	0.60	42	NA	NA	NA

1984 – Pacific Cassiar

Hole No.	Vein	Interval (m)	Length (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)
84-1	D	No Significant Values					
84-1A	D	No Significant Values					
84-2	D	11.89-13.11	1.22	33	NA	0.24	0.30
		41.61-43.13	1.52	27	NA	0.16	0.32
84-3	D	44.04-46.48	2.44	408	NA	0.64	0.34
84-4	D	53.64-55.47	1.83	328	NA	0.86	1.99
84-5	D	69.25-72.33	2.98	246	NA	1.29	3.69

1985 – Teck Underground Holes

Hole No.	Vein	Interval (m)	Length (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)
TUG-1	D	196.81-200.25	3.44	3492	0.91	5.62	5.48
TUG-2	Blind	11.43-13.11	1.68	827	0.86	3.85	1.38
	D	217.26-218.24	0.98	51	0.14	NA	NA
TUG-3	Blind	11.58-12.34	0.76	281	0.62	NA	NA
	D	196.60-196.90	0.30	58	0.48	NA	NA
TUG-4	Blind	8.23-9.91	1.68	51	0.21	NA	NA
	D	182.88-186.84	3.96	1696	1.00	1.80	1.40
TUG-5	D	70.71-71.63	0.92	147	0.41	NA	NA
TUG-6	D	No Significant Values					
TUG-7	D	No Significant Values					
TUG-8	D	No Significant Values					
TUG-9	D	No Significant Values					
TUG-10	Prosp	No Significant Values					
TUG-11	Prosp	No Significant Values					

Hole No.	Vein	Interval (m)	Length (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)
TUG-12	Prosp	185.78-186.84	1.06	86	NA	NA	NA
TUG-13	Prosp	No Significant Values					
TUG-14	Prosp	255.42-256.34	0.92	89	0.21	NA	NA
TUG-15	Abandoned						
TUG-16	Blind	6.40-7.01	0.61	521	0.48	NA	NA
	Int	93.42-95.10	1.68	271	0.48	NA	NA
	D	No Significant Values					
TUG-17	Blind	10.97-12.04	1.07	1663	0.41	NA	NA
	D	170.01-171.30	1.29	325	0.58	NA	NA

Prosp = Prosperity Vein
Int = Intermediate Vein

1985 – Teck Surface Holes

Hole No.	Vein	Interval (m)	Length (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)
TS-1	D	63.70-64.31	0.61	48	0.34	NA	NA
TS-2	D	185.01-188.37	3.36	235	0.30	0.44	1.27
TS-3	D	160.93-163.68	2.75	311	NA	NA	NA
TS-4	Blind	10.58-11.16	0.58	2513	0.41	NA	NA
TS-5	D	17.22-18.51	1.29	171	0.62	NA	NA
TS-6	D	68.12-68.73	0.61	213	tr.	NA	NA
TS-7	D	17.22-18.51	1.29	147	tr.	NA	NA
TS-8	D	15.85-17.37	1.52	195	0.11	NA	NA
TS-9	D	No Significant Values					
TS-10	D	No Significant Values					
TS-11	D	64.00-94.92	0.92	58	0.21	NA	NA
TS-12	D	No Significant Values					
TS-13	D	99.06-103.63	4.57	43	NA	NA	NA
TS-14	Angelo	87.78-90.53	2.75	245	0.37	NA	NA
TS-15	D	109.12-110.33	1.22	137	0.27	NA	NA
TS-16	Angelo	69.65-72.24	2.59	40	0.27	NA	NA

APPENDIX II

Conceptual Resource Estimate
N.C. Carter, Ph.D. P.Eng.
7 February 2013

Prosperity Vein-Historic Sampling Results
N.C. Carter, Ph.D. P.Eng.
30 July 2014

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DATE: February 7, 2013

TO: STEVE VAVRA
Mount Rainey Silver Inc.

RE: PROSPERITY VEIN – POTENTIAL TARGET AND CONCEPTUAL RESOURCE ESTIMATE

The upper part of the Prosperity Vein, between surface to just below the 200 level and including the previously mined portions of this structure (see attached diagram), includes a target area for potential definition of additional resources. It is estimated that this target may contain between 125000 tonnes grading 600 grams/tonne silver over an average width of 2 metres and 375000 tonnes with grades averaging 340 grams/tonne and over a width of 5 metres. Note that this potential quantity and grade is conceptual in nature and that there has been insufficient exploration to define a mineral resource and there is no certainty that further exploration will result in this target being delineated as a mineral resource.

The writer conducted the assessment of the potential target area by making use of an extensive database consisting of records of detailed underground sampling undertaken by Premier Gold Mines to direct the selective mining of the Prosperity Vein between 1929 and 1931. Vein material exposed in underground drifts and raises was channel sampled at intervals of 1.2 metres or less with the samples being analyzed by fire assay for gold and silver at a facility on the property and/or the assay office at the Premier Gold Mines site some distance away.

The results for some 600 samples were used for purposes of this exercise. More than 200 samples, collected from the 100 and 200 level drifts between their respective portals and the northernmost limits of previous mining (Figure 11), were used to determine an average grade for each of these levels. The individual samples were weighted by individual sample widths which ranged from 0.64 to 1.28 metres with an overall average of 1 metre. Each of these levels exposes three zones or shoots of >170 grams/tonne silver, each separated by intervals of lower grade material. Complete sample records were available for these lower grade intervals on the 100 level but were missing from the sample records for the 200 level. To make up fer this discrepancy, the lower grade intervals on the 200 level were accorded the same values as those for the 100 level.

About 350 samples from three raises driven above each of the 100 and 200 levels (Figure 11) were ueed to calculate weighted average grades for the areas between the 100 level and surface and between the 200 and 100 levels. Raise sample widths ranged from 0.55 to 1.34 metres with an overall average of 0.85 metre.

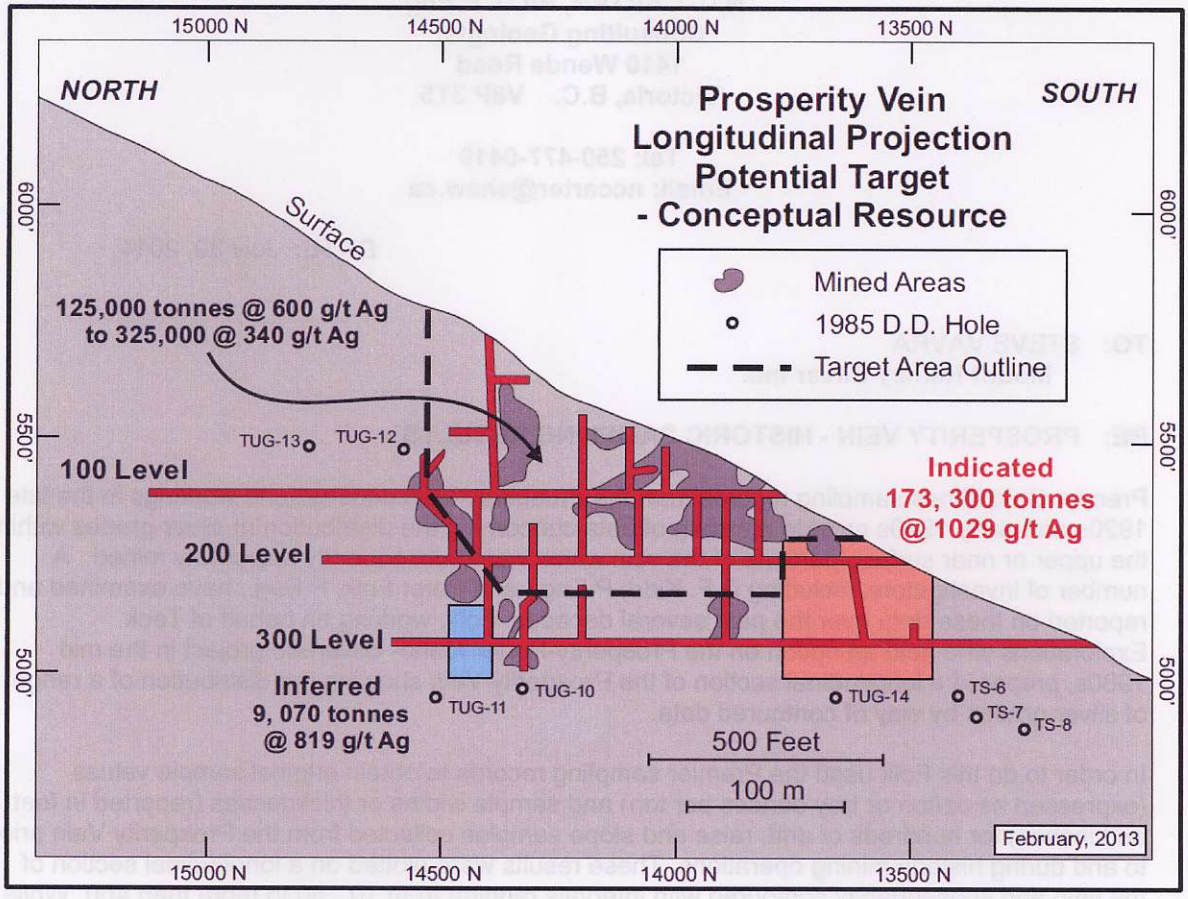
Note that no lower cutoff grads fer silver was used in determining weighted average grades for the areas between 100 level and surface and between 100 level and a point midway between the second (200) and third (300) levels. Similarly, there was no capping of higher silver grades. An assumed specific gravity of 2.85 (identical to that used by the writer in preparing the previously desoribed resource estimates) was used for calculating potential tonnages,

Average grades for the two aforementioned areas were further weighted by drift and raise lengths in arriving at an estimate for a base case consisting of 70000 tonnes averaging 950 grams/tonne silver and having an average width of 0.87 metre. Of interest is the fact that the base case average grade is slightly more than the apparent cutoff grade used in the selective mining of the Prosperity Vein in the early 1930s.

This base case was first diluted to a width of 2 metres making the assumption that the expanded width of 1.13 metre would contain an overall average grade of 340 grams/tonne silver or twice the cutoff grade of 170 g/t used for resource estimates of both the Prosperity and D Veins. This additional width would add an approximately 95000 tonnes to the base case bringing the total to 165000 tonnes with a weighted average grade of 600 grams/tonne. Reducing this tonnage by 40000 tonnes estimated to have been removed by earlier mining and development results in an estimate of 125000 tonnes grading 600 grams/tonne silver over an average width of 2 metres or the lower range of the potential estimates cited in the first paragraph of this section.

The upper range of the reported potential was estimated further diluting the average width from 2 to 5 metres assuming that the additional three metres would contain an average overall grade of 170 grams silver per tonne. This assumption of grade, which is equivalent to the cutoff grade used for the formal resource estimates, s based in part on the results of some of the better percussion drill holes completed in the early 1980s. A number of these holes, designed to test the structure outward from the southern part of the 300 level, encountered several metre intervals with grades in excess of 170 grams/tonne silver. An additional 250000 tonnes would be included in the expanded width of 3 metres which, when combined with the 125000 tonnes of higher grade material brings the total to 375,000 tonnes with a weighted average grade of 340 grams/tonne silver or the upper range of the estimates for the potential target in and adjacent to the previously mined areas of the Prosperity vein.

Again, it should be stressed that these estimates for the potential target in the upper part of the prosperity vein structure are conceptual only and considerable definition drilling would be required to assess continuity of structure and consistency of grades before formal estimates of mineral resources could be undertaken. Detailed mining studies would also be in order to determine how much, if any of this material could be recovered by way of a salvage mining operation.


15000 N
14500 N
14000 N
13500 N
NORTH
SOUTH
Prosperity Vein
Longitudinal Projection
Potential Target
- Conceptual Resource
Surface
6000'
5500'
5000'
125,000 tonnes @ 600 g/t Ag
to 325,000 @ 340 g/t Ag
Mined Areas
1985 D.D. Hole
Target Area Outline
TUG-13
TUG-12
100 Level
200 Level
300 Level
Indicated
173, 300 tonnes
@ 1029 g/t Ag
Inferred
9, 070 tonnes
@ 819 g/t Ag
TUG-11
TUG-10
TUG-14
TS-6
TS-7
TS-8
500 Feet
100 m
February, 2013

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DATE: July 30, 2014

TO: STEVE VAVRA
Mount Rainey Silver Inc.

RE: PROSPERITY VEIN - HISTORIC SAMPLING RESULTS

Premier Gold Mines sampling records from the Prosperity Vein underground workings in the late 1920s and early 1930s provide a wealth of data concerning the distribution of silver grades within the upper or near surface portions of the vein which were subsequently selectively mined. A number of investigators, including D.F. Kidd, P.Eng., and Peter Folk, P.Eng., have examined and reported on these data over the past several decades. Folk, working on behalf of Teck Explorations who held an option on the Prosperity-Porter Idaho- Silverado project in the mid 1980s, prepared a longitudinal section of the Prosperity Vein showing the distribution of a range of silver grades by way of contoured data.

In order to do this Folk used the Premier sampling records to obtain original sample values (expressed as oz/ton or troy ounces per ton) and sample widths or thicknesses (reported in feet and inches) for hundreds of drift, raise and stope samples collected from the Prosperity Vein prior to and during historic mining operations. These results were plotted on a longitudinal section of the vein and subsequently contoured with intervals ranging from 10 - 50 to more than 400. While various versions of these contoured diagrams are available, there is little or no information pertaining to the locations, grades and thicknesses of the samples used to calculate the thickness times grade values.

Folk employed a time-honoured and generally accepted methodology to prepare a longitudinal section displaying the distribution and grades present within a precious metals-bearing vein system. The formula involved is simple;

$$X \times Y = Z$$

where ***X*** = silver grade in ounces per ton, ***Y*** = sample width or thickness in feet and ***Z*** = the product. For example, a sample containing 20 oz/ton silver when multiplied by a sample width or thickness of 4 feet would equal 80 ("the product').

With respect to the Teck Explorations longitudinal section prepared by Folk in 1986, only ***"Z"*** or the "product" is known – in this case by way of the several contour intervals which represent grade times feet "products". The simplest way to determine the average silver grades (***"X"***) used in the contouring exercise to construct the diagram is to assume an average sample width or thickness (***"Y"***). A few years ago, the writer carried out a review of the same Premier sampling data used by Folk as part of an exercise to determine a conceptual resource estimate for the previously mined portions of the Prosperity Vein. Widths of Premier samples collected from underground drifts were found to average 1 metre (3.281 ft.) while raise samples averaged 0.85 metre (2.79 ft.). For purposes of the current exercise, the average of these two (0.925 metre = 3.0 ft.) is assumed to be the average of the widths or thicknesses used by Folk in 1985 to calculate the silver grade times thickness values.

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Using the 3.0* feet thickness value, the silver grades for the various contour intervals shown on various versions of the Prosperity Vein longitudinal sections are as follows:

Silver Grades (troy ounces per ton) *"X"*	**Thickness (feet) *"Y"***	**Contour Interval *"Z"***
>133 oz/ton	3.0	>400
100 – 133 oz/ton	3.0	300 – 400
67 – 100 oz/ton	3.0	200 – 300
33 – 67 oz/ton	3.0	100 – 200
17 – 33 oz/ton	3.0	50 – 100
3 – 17 oz/ton	3.0	19 – 50

Once the ranges of silver grades were established for the various contour intervals, an estimate of the amounts of material present within each of the contour intervals was undertaken by using a planimeter to assist in determining the areas of each of the contour intervals illustrated on Teck Explorations' 1 inch to 100 feet longitudinal section of the Prosperity Vein. These areas, calculated in Imperial units, were multiplied by the average 3 ft. thickness to determine volumes. Tonnage estimates employed a tonnage factor of 11.25 which is equivalent to the 2.85 specific gravity previously used to prepare estimates of indicated and inferred mineral resources in metric units.

Average silver grades for the various contour intervals were assumed to be the arithmetic average or mid point of the ranges of values listed. The first estimate of tons and average silver grade includes the first four contour intervals. The range of silver grades of the lowest contour interval (33 – 67 oz/ton; average 50 oz/ton) is assumed to be roughly equivalent to the lowest grades shipped from the property during selective mining between 1929 and 1931 when the cutoff grade was reportedly in the 25 oz/ton range.

Results are as follows:

Contour Interval	Tons	Silver Grade (oz/ton)
>400	5,106	133
300 – 400	3,744	117
200 – 300	15,268	84
100 – 200	22,700	50
Total	46,818 tons averaging 75.5 oz/ton silver	

The weighted average grade of 75.5 oz/ton silver is almost identical to the recovered grade of 74.5 oz/ton from the 22,164 tons shipped from the Prosperity Vein in 1926 and between 1929 and 1931.

Subtracting the amount mined to date, there may be approximately 25,000 tons (24,654 tons calculated) of relatively high grade material remaining within and adjacent to the existing underground workings. How much, if any, of this material that might be recovered by way of future mining operations remains to be determined.

As illustrated on Teck Explorations' longitudinal section of the Prosperity Vein, the foregoing higher grade material is contained within eleven discrete "shoots" within the vein structure between surface and the 201 drift (200 level), or over a vertical range of up to 600 feet.

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These higher grade shoots are enveloped by lower grade material with grades ranging from 3 to 33 oz/ton silver, represented on the Teck longitudinal section as the lowest two contour intervals (50 – 100 and 10 – 50). The same exercise for determining the amount in tons and average silver grades for the higher grade shoots was undertaken for the lower grade material. Again, the average silver grade for each of the contour intervals was assumed to be the arithmetic average of the range of values for each of the contour intervals. Results are as follows:

Contour Interval	Tons	Silver Grade (oz/ton)
50 – 100	27,380	25
10 – 50	38,469	10

Total 65,849 tons averaging 16.2 oz/ton silver

When the foregoing is combined with the higher grade zones or shoots, less the historic production, the result is as follows:

	Tons	Silver Grade (oz/ton)
Higher Grade Shoots	24,654	75.5
Lower Grade Material	65,849	16.2

Total 90,503 tons averaging 32.4 oz/ton

Note that an average sample width of 3.0 feet has been used in all of the foregoing calculations. To provide a comparison with a previous estimate of the lower range of conceptual resources within the Prosperity vein structure, it is necessary to work with a width or thickness of 2 metres or 6.6 feet, thus increasing the tonnage of 90,503 tons by 2.2 times or an additional 108,600 tons. As for the lower range of the conceptual resource estimate, the average grade of this diluted material is estimated to be 10 oz/ton per ton silver. When combined with the 90,503 tons averaging 32.4 oz/ton silver, the results are as follows:

Tons	Silver Grade (oz/ton)
90,503	32.4
108,600	10.0

Total 199,100 tons averaging 20.2 oz/ton silver

In order to provide a proper comparison with the lower range of the conceptual resource estimate, some 22,000 tons must be subtracted from the total to account for historic mine development (drifts, raises, etc.) within the upper part of the Prosperity Vein structure. This reduces the total tonnage to 177,100 tons grading 20.2 oz/ton silver as opposed to the lower range of the conceptual resource estimate which was reported as 125000 tonnes grading 600 grams/tonne silver, equivalent to 137,500 tons grading 17.4 oz/ton silver.

In summary, the 1986 Teck Explorations contoured longitudinal section of the Prosperity Vein provides a good illustration of the size and distribution of the higher silver grades within the previously explored and developed portion of the structure. This exercise has demonstrated the presence of unmined material featuring silver grades comparable to those recovered during selective mining in the late 1920s and early 1930s.

The zones or shoots of higher grade material are enveloped by more extensive lower grade material in amounts and grades similar to those estimated by this writer as conceptual resources in 2013.