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On the Chopin site, south of Snip, we completed 5,500 feet of drilling in four holes to test mineralization on trend from Snip's productive Twin vein system. A number of narrow high-grade intervals were intersected but these appear to lack continuity. The project is being held pending the outcome of early 1998 exploration work at Snip.

We completed 3,300 feet of drilling in two holes on the Marchand property, located immediately east of the Quebec/Ontario border. The drilling intersected narrow high-grade intervals associated with vein-style mineralization. No further work is anticipated. We also completed field programs on three properties on the north arm of the greenstone belt in the Hemlo mining district of Ontario. The work failed to warrant a drill program and the ground has been returned to the owners.

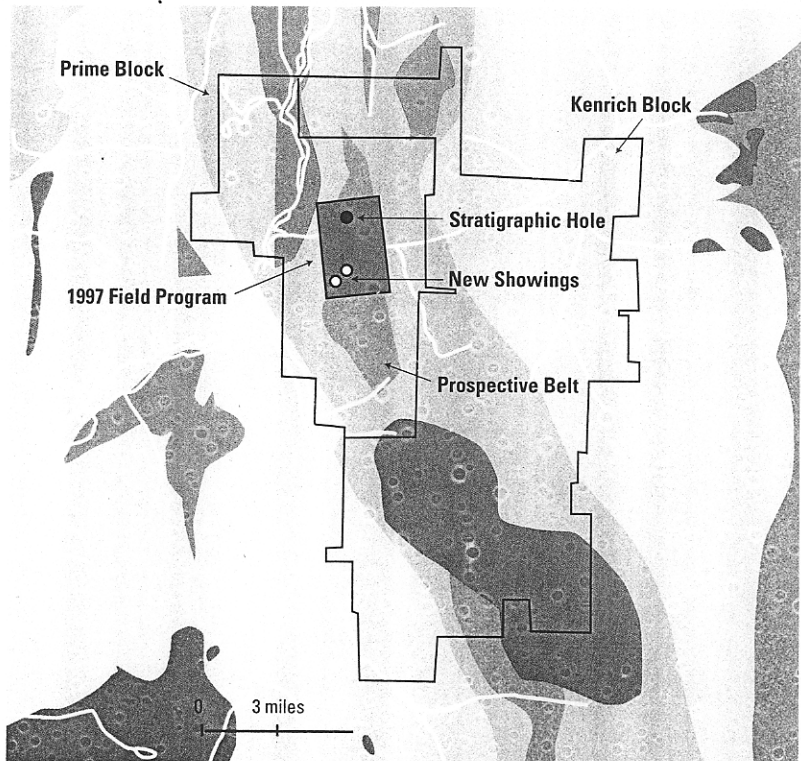
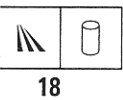
Outlook

We will continue our aggressive exploration program in 1998 with a first phase budget of \$6.9 million, and are prepared to commit additional

funds if success warrants. Our exploration strategy for the coming year will remain largely unchanged, with emphasis on continued exploration in the region around Eskay Creek. The impact of lower precious metal prices may continue to present significant property acquisition opportunities to us. We will evaluate each of these opportunities on an individual basis.

In 1998, we will continue with more detailed exploration of the Western Canadian properties we acquired in 1997. We plan to complete extensive fieldwork on these properties followed by a drill program on any promising targets which are identified. On the Corey property, an eight-person crew will complete field programs on the Prime Block before mid-summer, in order to identify drill targets for end of the season drilling.

On the eastern generative front, we will continue our efforts in the productive regions of the Shield and the newly emerging exploration camps. Our objective is to acquire at least two quality advanced projects in the region.



Corey Property, British Columbia

Generative Activity

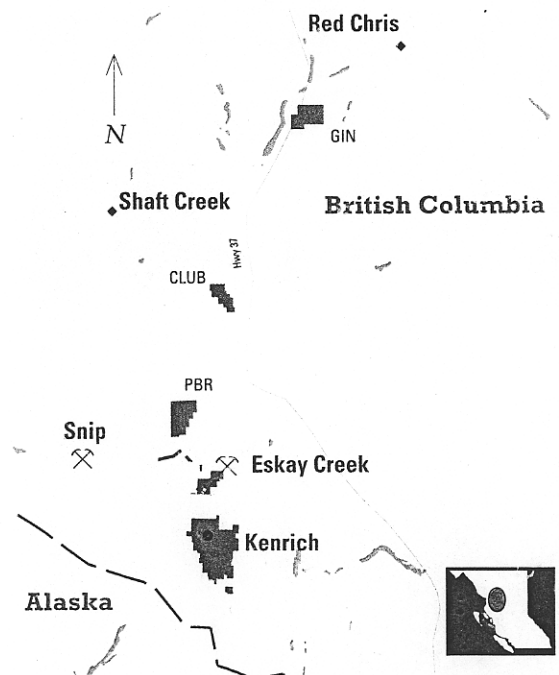
In 1997, five properties were acquired in British Columbia and the Yukon through staking and option agreements. The cost for identifying these properties totaled \$670,000, mainly in support of large scale, helicopter-based regional evaluations. The British Columbia properties present significant geologic indications that are favourable for precious metal enriched sulphide deposits. Grab samples from the Yukon property also showed positive results.

In the Canadian Shield regions, we focused on exploring the tightly held land positions along the productive structural breaks that have produced in excess of 160 million ounces of gold this century. Our objective is to identify, at an early stage, opportunities to acquire low unit cost production. This involves maintaining close contact with junior exploration groups that control advanced properties. In 1997, the exploration joint venture's office in Timmins, Ontario evaluated 113 new properties and potential opportunities, and conducted exploration on four projects.

Our strategic plan to increase ground acquisition in the Eskay Creek area was initiated with the Kenrich equity purchase, which occurred in July 1997. As a result, Prime has the right to acquire a 70% interest in the 16,400 acre exploration site on Kenrich's Corey property, known as the Prime Block. Located just south of Eskay Creek, the Prime Block contains an eight-mile length of prospective Eskay Creek type stratigraphy.

Exploration of the Prime Block began in early August 1997. However, the mid-season start-up of fieldwork necessitated an abbreviated program designed to maximize data collection and facilitate planning for our future exploration efforts. Fieldwork south of an initial drill hole identified a mixed assemblage of mafic and felsic volcanic rock that has returned separate grab samples of up to 0.15 ounces per ton (opt) gold and 0.05 opt silver. The gold bearing lithology, or rock type, is a mudstone located in close proximity to an underlying rhyolite, a geologic environment similar to Eskay Creek.

We completed exploration on seven projects in 1997, including the Corey property. At the Ample Goldmax property, in south central British Columbia, we completed 9,200 feet of drilling in 14 holes on a gold bearing quartz vein system. Although the drilling revealed discontinuous high-grade pods in the mineralization, the property was subsequently returned to the vendor.



Northwest British Columbia 1997 land acquisitions and 1998 field projects in relation to other known resources.



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