

Wisconsin
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82F/7W
82 FSE036

THE WISCONSIN PROPERTY

NELSON MINING DIVISION
BRITISH COLUMBIA

for

HYPERION INDUSTRIES LTD.

by

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June 5th, 1986
Vancouver, B.C.

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SUMMARY

The Wisconsin gold-silver property, located near Nelson in southeastern British Columbia, is subject to an option agreement whereby Hyperion Industries Ltd. may earn up to a 100% interest. Massive to semi-massive sulphide mineralization occurs in sheared Proterozoic metasediments and Cretaceous quartz-diorite intrusives. The mineralization was staked originally in 1884 and by 1940 "potential ore reserves" from underground work were estimated to be 50,000 tonnes of 12.3 g/t gold and 109.7 g/t silver (0.36 oz/t gold, 3.2 oz/t silver). Development at that time was prevented by the refractory nature of the ore and a high arsenic content. The property was drilled in 1984 and 1985 by the Selco Division of B.P. Resources Canada Ltd. Calculations based on this data indicate the presence of a mineral reserve of approximately 340,000 tonnes of 6.0 g/t gold and 51.5 g/t silver (0.17 oz/t gold, 1.5 oz/t silver) with an average width of 1.3 metres in the No. 1 zone to a depth of 150 metres (open). Due to the wide spacing of drill holes, no realistic confidence limits can be placed on the mineral reserve estimate. Surface indicators of mineralization in other zones on the property, from geological, geochemical and geophysical surveys, indicate the potential to substantially increase reserves. A two phased, success contingent, program of diamond drilling at an estimated total cost of \$210,000 is recommended, to better define the existing reserve in the No. 1 zone and to test other zones on the property.

INTRODUCTION

Preamble

The Wisconsin property, located in southeastern British Columbia, is the subject of an option agreement whereby Hyperion Industries Ltd. may earn up to 100% interest by making certain payments and expenditures on exploration and development.

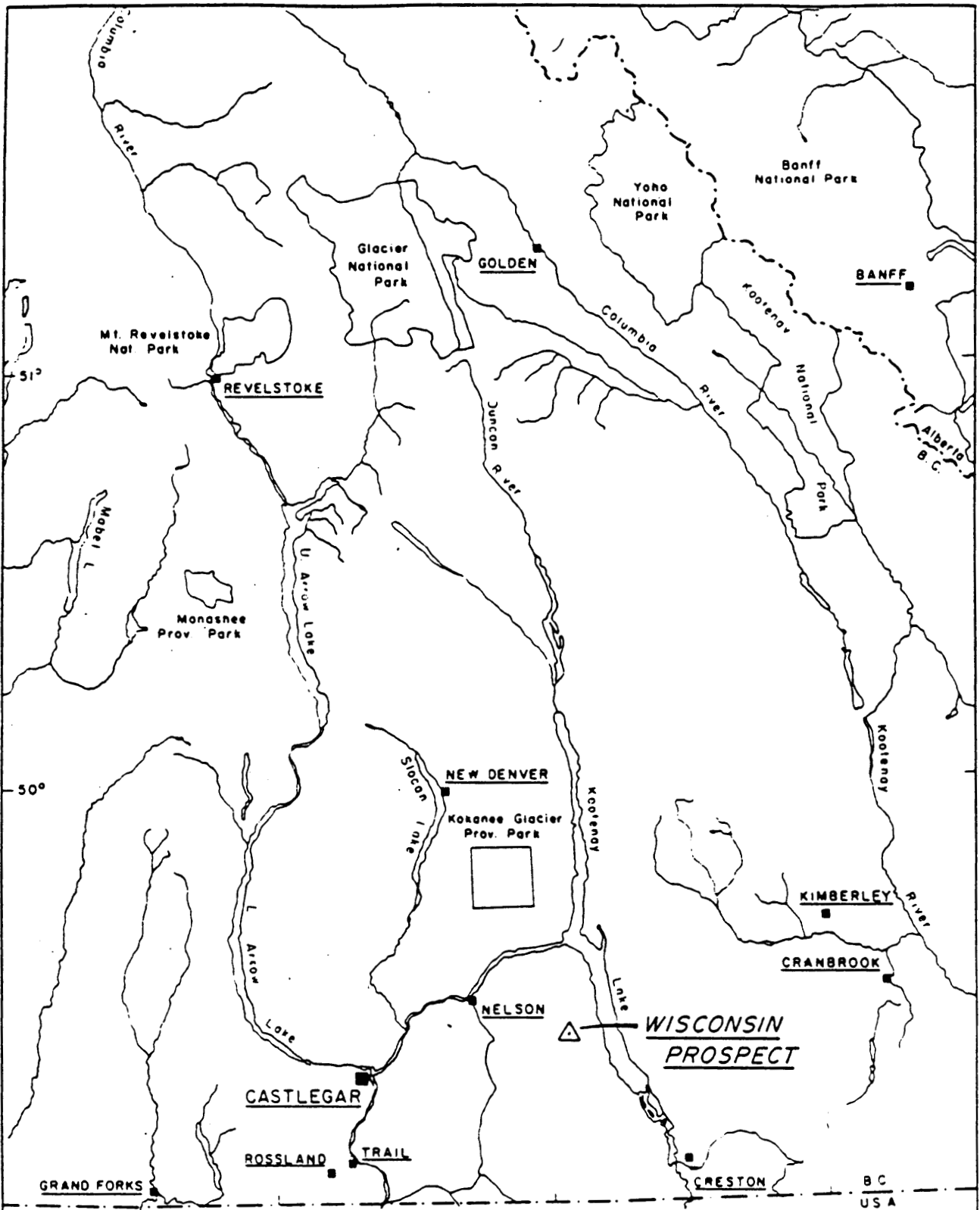
The author, acting as an independent Consulting Geologist, has been retained by Mr. Robert Holland, President of Hyperion Industries Ltd., to review results of previous exploration work on this mineral property and to report his findings with recommendations for future action.

The author has reviewed all available pertinent technical reports on the property and carried out a field examination on May 23rd, 1986 at which time accessible surface and underground exposures of mineralization were examined. The cooperation and assistance of Mr. Robert Holland and of Esperanza Explorations Ltd. is gratefully acknowledged. Mr. Holland is very familiar with this property because he undertook detailed sampling and mapping programs on the Wisconsin whilst employed as a geologist by Esperanza Explorations Ltd. - the current property owner in 1980. The Selco Division of B.P. Resources Canada Ltd. is also acknowledged for permission to reproduce certain figures and diagrams utilised in this report.

Location and access

The Wisconsin property is located 25 km east-southeast of the town of Nelson in southeastern British Columbia (Figure 1). The property is centred on latitude $49^{\circ} 24' N$ and longitude $116^{\circ} 75' W$ within NTS map areas 82F/6 and 82F/7. The old mine workings are situated on the Wisconsin Crown grant at an elevation of 1900 metres on a ridge between Hughes Creek and Seeman Creek, both of which are east flowing tributaries of Midge Creek.

Access is provided by approximately 30 km of paved road (Highway 6) south of Nelson, 30 km of logging roads along Porcupine, Cultus and Laib Creeks, and 6.5 km of four wheel road to the old mine site.



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LOCATION MAP

SCALE As Shown	DRAWN BY:	FIG 1
DATE NOVEMBER 1984	DRAFTED BY: J.S.	
N.T.S. B2 F, M	REV JUNE 5, 1986	C.J.W. P.H.D.

Maximum relief on the property is 2300 metres and topography is moderate to steep. Forest cover is generally moderate to sparse at upper elevations but increasingly thick underbrush is present at lower elevations.

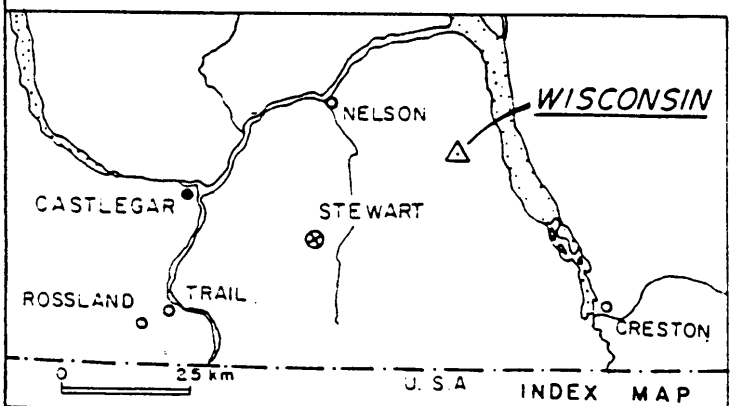
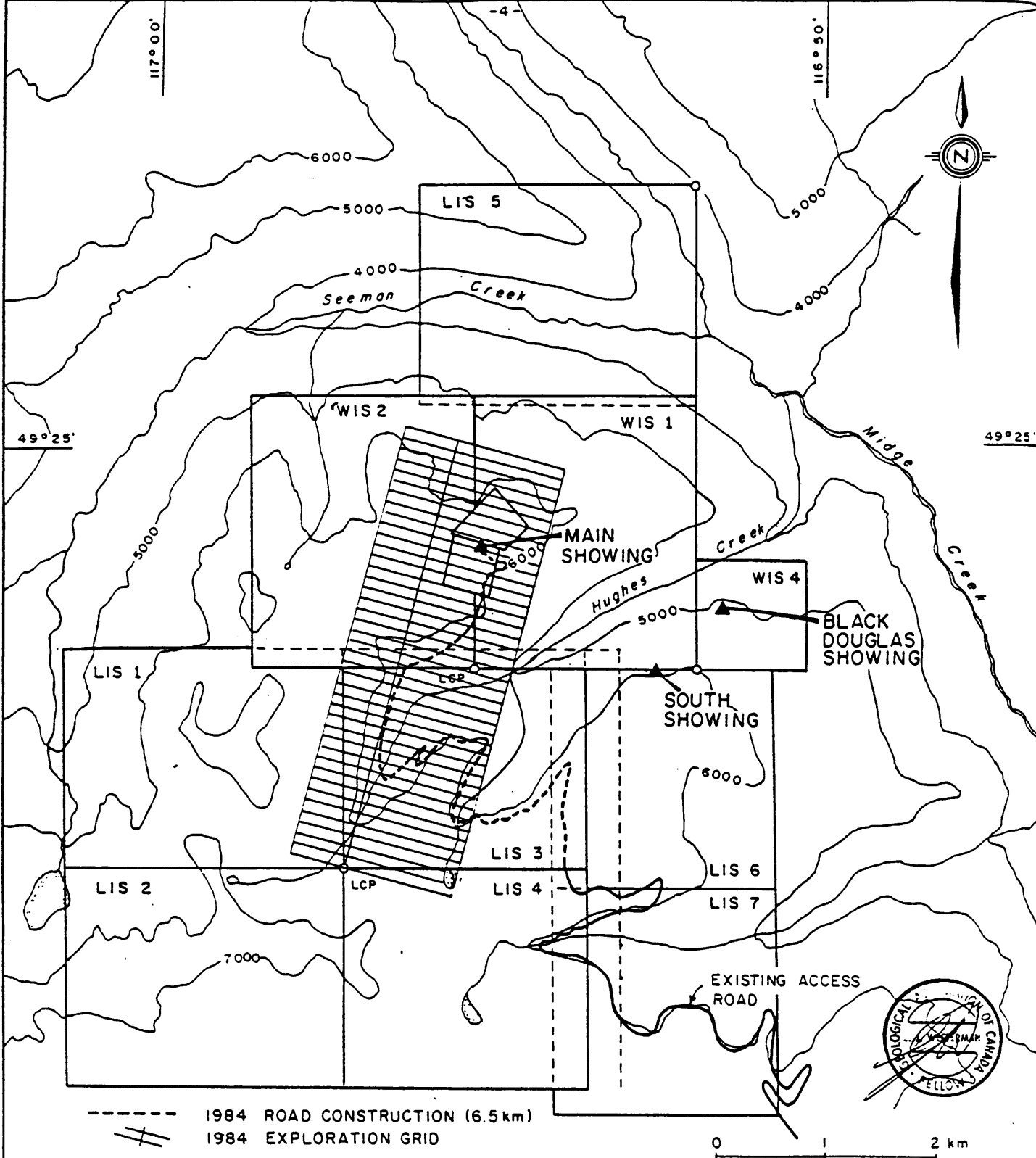
Property definition

The Wisconsin property (Figure 2) consists of the following Crown granted and metric grid system mineral claims located in the Nelson Mining Division of British Columbia.

TABLE I
Mineral Claim Definition

<u>Claim Name</u>	<u>Record No.</u>	<u>No. of Units</u>	<u>Present Expiry Date</u>
Wisconsin	L2928	1	—
Lucky Strike	L2929	1	—
Wis 1	1558	20	March 19, 1994
Wis 2	1559	20	March 19, 1993
Wis 4	1939	4	October 7, 1993
Lis 1	3537	20	October 24, 1992
Lis 2	3538	20	October 24, 1992
Lis 3	3539	20	October 24, 1994
Lis 4	3540	20	October 24, 1993
Lis 5	3541	20	October 24, 1992
Lis 6	3595	16	August 3, 1993
Lis 7	3596	16	August 3, 1993
Total		178	

The metric grid system claims Wis 1, Wis 2, Wis 4 and Lis 1 - 7 inclusive are owned 100% by Esperanza Explorations Ltd. The Crown granted claims Wisconsin and Lucky Strike are owned by Esperanza Explorations Ltd. subject to an underlying option agreement. Hyperion Industries Ltd. may earn up to 100% interest in the property by way of an option agreement with Esperanza.



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CLAIM MAP

SCALE 1 50,000	DRAWN BY: J. PEARSON	FIG. 2
DATE AUGUST 1984	DRAFTED BY: LG + JS	
N.T.S. 82 F/6,7 REV JUNE 5, 1986 C.W. BNC		

Exploration history

The Wisconsin and Lucky Strike claims were staked in 1884 and Crown granted in 1899. By 1903, five mineralized zones were being explored. The No. 1 zone was exposed along a length of 244 metres in 13 surface cuts and explored by two crosscut tunnels of 30 metres and 26 metres length. The No. 2 zone was explored by 13 metres of drift and crosscuts and the No. 3 zone by a short shaft and open cut. The Nos. 4 and 5 zones were explored by 11 surface cuts.

Between 1903 and 1915, a meandering tunnel totalling 244 metres of crosscutting and 75 metres of drifting was driven from the No. 3 adit in the vicinity of the No. 3 and No. 5 zones. In 1928, Radiore Company of Canada outlined a 500 metre long conductive zone, coincident with the No. 1 zone. In 1933, a program of surface trenching was undertaken and 3 diamond drill holes totalling 305 metres were drilled.

Between 1935 and 1937 a 46 metre winze was sunk on the No. 1 zone and 158 metres of drifting plus 69 metres of crosscutting undertaken on the lower level. The adit level of the No. 1 zone was extended in 1940 by 58 metres of drifting and 40 metres of crosscutting. Metallurgical testing undertaken between 1937 and 1942 was not encouraging due largely to the refractory nature of the mineralization and the high arsenic content.

No further property work was undertaken until 1980 when Esperanza Explorations Ltd. carried out detailed sampling of accessible surface and underground workings, detailed geological mapping, a Crone E.M. survey, and a soil geochemical survey covering an area of 1.6 sq. kilometres.

The Selco Division of B.P. Resources Canada Ltd. optioned the property from Esperanza Explorations Ltd. in 1984 and 1985. Selco constructed 8 km of access roads, 72.5 km of survey grid and undertook a UTEM geophysical survey over the northern third of the grid. Selco also drilled 8 BQ diamond drill holes totally 1169 metres and 6 NQ diamond drill holes totalling 925 metres and undertook a levelling survey of hole collars.

References

- B.C. Ministry of Mines Reports for 1899 (p.601), 1903 (p.H. 148), 1928 (p.C326), 1919 (p.356), 1930 (p.278), 1933 (p.240), 1935 (p.E27), 1936 (p.E43), 1937 (p.E22), 1940 (p.A70), 1961 (p.A49), 1962 (p.A49), 1963 (p.A49).
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GEOLOGY

Regional geology

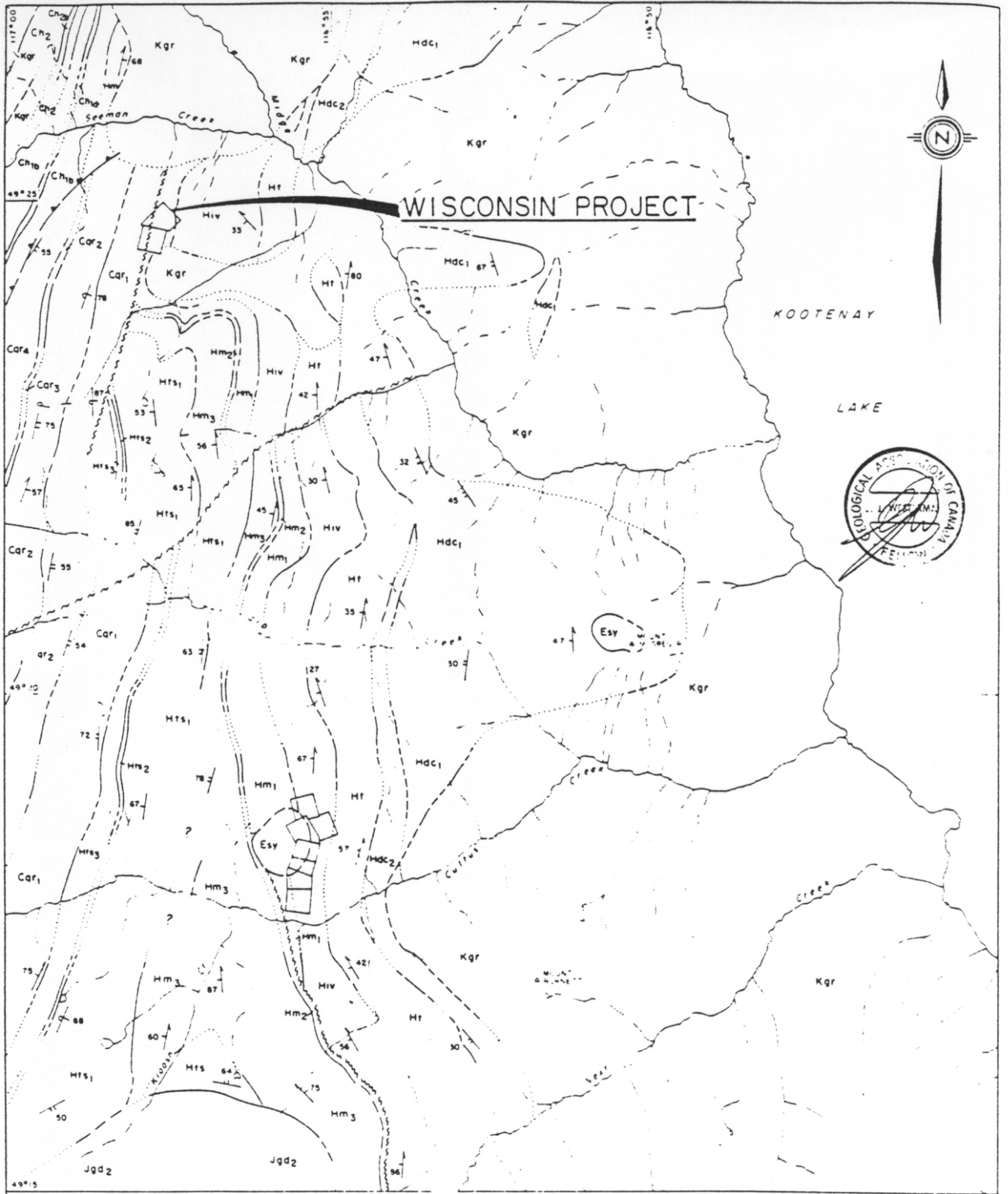
The Wisconsin property is located near the southern end of the Kootenay Arc, a complexly deformed, north trending belt of metasedimentary and metavolcanic rocks of Proterozoic and Early Paleozoic age (Figure 3). The arc is extensively intruded by granitic plutons and stocks of Jurassic and Cretaceous age. In the general vicinity of the property, regional stratigraphy becomes progressively younger from east to west (Figure 3, Table 2).

The Kootenay Arc is well known for its past producing lead-zinc-silver and tungsten mines and the general Nelson area contains many historically significant gold producers.

Property geology

Geologic mapping of the majority of the Wisconsin property has not, apparently, been undertaken. Regional geologic maps indicate that a major, north-northeast trending fault bisects the property (LeClair & Reesor 1983). To the east of this fault, the property is underlain by Windermere Supergroup rocks of the Upper Proterozoic - Lower Paleozoic age. The basal unit of the Windermere is a distinctive conglomerate of the Toby Formation, which is overlain by mafic volcanic tuffs and greenstones of the Irene Volcanic Formation. Upper Windermere rocks consist of the Monk Formation (phyllites and a grey limestone horizon) overlain by quartzites, grits and conglomerate of the Three Sisters Formation. The Monk Formation and the Three Sisters Formations were grouped by previous workers as the Horsethief Creek Group. To the west of the major fault, Hamill Group rocks of Lower Cambrian age consist of quartzites and mica schists with thin marble and conglomerate horizons.

Detailed geological mapping in the vicinity of mineralization on the Wisconsin and Lucky Strike Crown grants (Figure 4) indicates that the stratigraphy and structure of the Windermere Super Group is considerably more complex than indicated by regional maps. The most common rock type in the area is a quartz-sericite schist which was probably originally an



LEGEND

Eocene	Esy	Syenite, shoshonite		Hm	MONK FORMATION
Cretaceous	Kgr	Granite & biotite, muscovite garnet		Hm3	Phyllite
Jurassic	Jgd2	Biotite-hornblende granodiorite		Hm2	Limestone
	Car1/2/3/4			Hm1	Phyllite quartzite
Lower Cambrian	Hts1/2/3	HAMMILL GROUP		Hiv	RENE VOLCANIC FORMATION
		Car4 - White Quartzite		Ht	"OBY" FORMATION
		Car3 - Conglomerate			PURCELL SUPERGROUP
		Car2 - Micaceous Quartzite		Hm	MT NELSON FORMATION
		Car1 - Orthoquartzite		Hm3	Dolomite
				Hm2	Black Argillite
		Ch2b - Marble		Hm1	Dolomite, Hm1 - Quartzite
		Ch2 - Muscovite-biotite-chlorite-schist		Hdc	DUTCH CREEK FORMATION
		Ch1,1a - Massive white quartzite - bobby talc-bearing quartzite		Hdc2	Upper, Hdc1 - Lower
Lower Paleozoic	Hm	WINDERMERE SUPERGROUP			
	Hts1	"ORSETHIEF CREEK GROUP"			
	Hts2	THREE SISTERS FORMATION			
		Hts3 - Quartzite			
		Hts2 - Conglomerate, Hts1 - Grit			

Geology by A. E. Leclair and J. E. Beesley 1985
 (Open File 929)

0 1 2 3
 KILOMETRES

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REGIONAL GEOLOGY

SCALE 50,000 DRAWN BY B. GRANT FIG 3
 DATE 12-1-85 DRAFTED BY J.S.
 HTS 82 F/7 REV JUNE 86 C.J.W. PHC

TABLE OF FORMATIONS

PALEOZOIC	CAMBRIAN	LARDEAU GROUP			
		BROADVIEW FORMATION			
		JOWETT FORMATION			
		SHARON CREEK FORMATION			
		AJAX FORMATION			
		TRIUNE FORMATION			
		INDEX FORMATION			
		BADSHOT - MOHICAN FORMATION			
		HAMILL FORMATION			
PROTEROZOIC	HADRYNIAN	WINDERMERE SUPERGROUP	HORSETHIEF CREEK GROUP		
			THREE SISTERS FORMATION		
			MONK FORMATION		
			IRENE VOLCANIC FORMATION		
			TOBY FORMATION		
			MOYIE INTRUSIONS		
	HELIKIAN	NEO-HELIKIAN	PURCELL SUPERGROUP	MOUNT NELSON FORMATION	
				DUTCH CREEK FORMATION	
				KITCHENER - SIYEH FORMATION	
				CRESTON FORMATION	
		PALEO-HELIKIAN		ALDRIDGE FORMATION	

EAST KOOTENAY OROGENY

TABLE 1

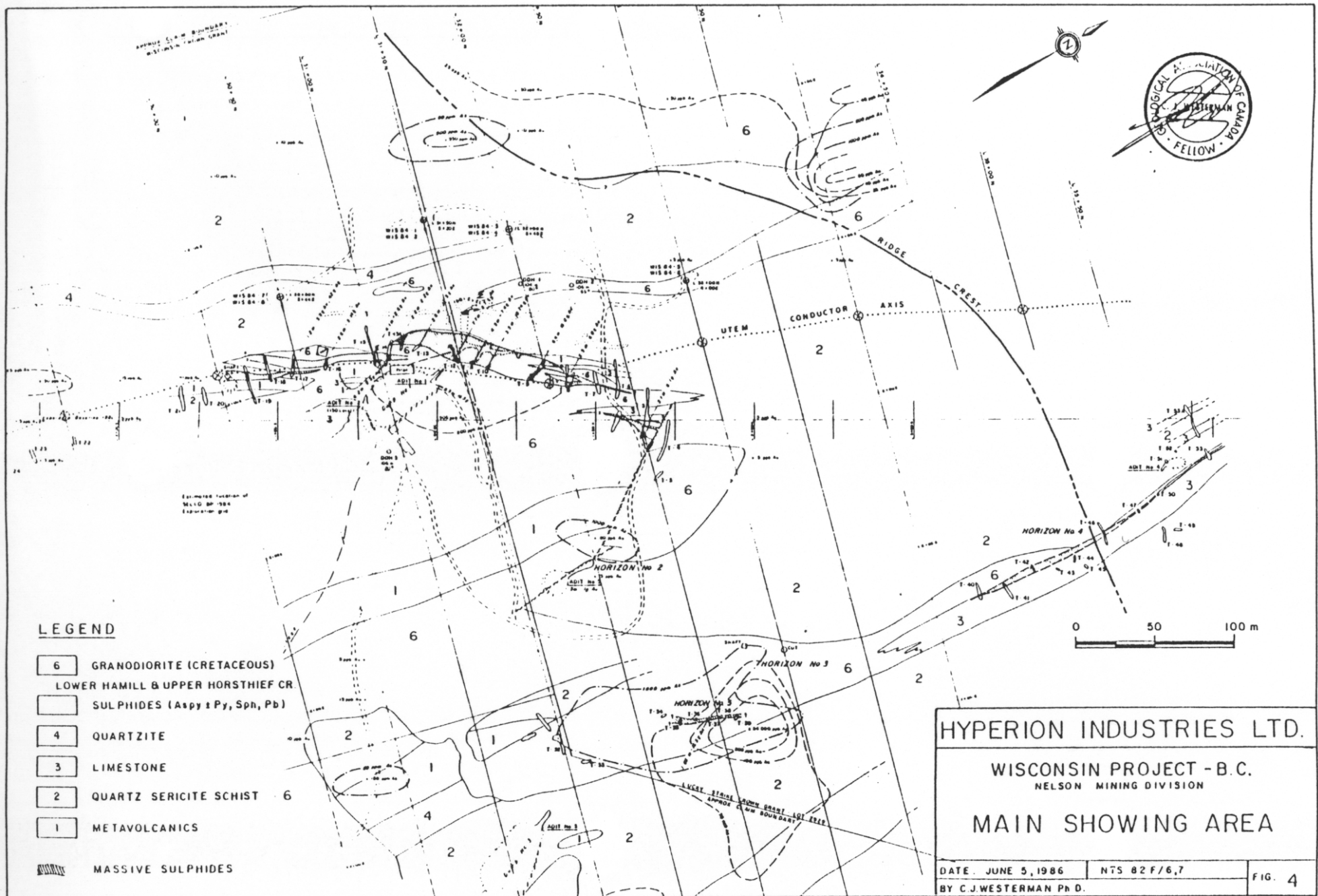
impure quartzite. Lenses of volcanic greenstone and mature quartzite are present within the schists but it is uncertain if these represent original stratigraphic lenses or are repetitions created by tight to isoclinal folding. Grey weathering marble horizons are also present as apparently discontinuous lenses.

Lithologic contacts generally trend north to northeast with steep to moderate westerly dips which are subparallel to a pervasive schistosity. The Windermere rocks are cut by complex dikes, sills and plugs of quartz diorite of probable Cretaceous age. The intrusive rocks are equigranular to weakly porphyritic and are variably altered by shear zones which are most probably related to mineralization.

MINERALIZATION

The Wisconsin property is host to seven known mineralized zones containing significant concentrations of gold, silver, copper, lead, zinc and arsenic. Five of these zones are located within the "Main Showings" area adjacent to the common boundary of the Wisconsin - Lucky Strike Crown grants (Figure 4). The sixth zone, historically referred to as the Black Douglas showing, lies on the Wis 4 claim and the "South" showing is located on the north boundary of claim Lis 6 (Figure 2).

Mineralized zones in the Main Showing area are hosted by quartz-diorite, quartzite, quartz sericite schist, greenstone and limestone. Sulphide mineralization varies from massive to semi-massive to veinlets, stringers and disseminations. Pyrite and arsenopyrite constitute the majority of the sulphides with lesser amounts of chalcopyrite, galena, sphalerite and pyrrhotite. Associated gangue minerals include siderite, barite and quartz. Manganese staining is locally intense. Pyrite and arsenopyrite occur dominantly as coarsely crystalline masses which are strongly fractured and occasionally brecciated with chalcopyrite and galena occurring as fracture fillings. Locally, sulphides have cemented brecciated quartz veins. Massive siderite, with or without barite may contain up to 40% disseminated sulphides. Massive sulphides have a tendency to occur at the footwall of mineralized zones whereas massive siderite and barite occur towards the hangingwall.



LEGEND

- 6 GRANODIORITE (CRETACEOUS)
LOWER HAMILL & UPPER HORSTHIEF CR
- 4 QUARTZITE
- 3 LIMESTONE
- 2 QUARTZ SERICITE SCHIST
- 1 METAVOLCANICS
- MASSIVE SULPHIDES

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MAIN SHOWING AREA

DATE: JUNE 5, 1986	NTS 82 F/6,7	FIG. 4
BY C. J. WESTERMAN Ph.D.		

The mineralized zones are moderately to strongly sheared with attendant alteration in the form of fine grained quartz, sericite and minor pyrite. Where mineralization is hosted by quartz-diorite, the intrusive becomes progressively altered towards the mineralization. The zones are often highly oxidized and leached on surface with consequent variable removal of sulphides which may account, in part, for inconsistent metal assay values obtained from trenches.

Petrographic studies and preliminary metallurgical work indicates that approximately half of the gold occurs as fine grained (less than 30 microns) inclusions within chalcopyrite and to a lesser extent galena. Assay data indicates moderate to strong correlations of gold, silver and arsenic values, but there is insufficient data to determine correlation with copper values.

The No. 1 zone is the most significant zone in the Main Showing and has been traced on surface for at least 300 metres of strike length and to a depth of 150 metres by drilling. The zone occurs as a complex of lensoidal subzones of variable width dipping at roughly 45° to the northwest. In drill holes the mineralized zone width is fairly well defined by higher arsenic values within which are gold and silver values which, in detail, are somewhat erratic. Drill hole intersection widths reported by B.P.-Selco vary from 0.25 metres to 8.35 metres (Figure 5). Similar widths are reported from surface trenches by Esperanza (Holland 1981) with the best section assaying 21.7 g/t gold and 130.3 g/t silver over 4.6 metres.

The No. 1 zone underground is accessible on the upper level for about 100 metres of strike length with widths varying from zero to 9.5 metres. Assay values in detailed sampling reported by several individuals and companies are generally within the 3 to 24 g/t gold and 34-170 g/t silver range. The lower level, 45 metres below, is flooded but sampling results reported by Starr (1926 - 1930) and McQuade (1935) are similar to those from the upper level. The best grade and thickness value reported is from the above mentioned 9.5 metre width in the upper level which assayed 16.5 g/t gold and 104.2 g/t silver as reported by Holland (1981). Results of limited check sampling by the author are tabulated below and compared to similar samples taken by Esperanza in 1980. In general, agreement of values is good.

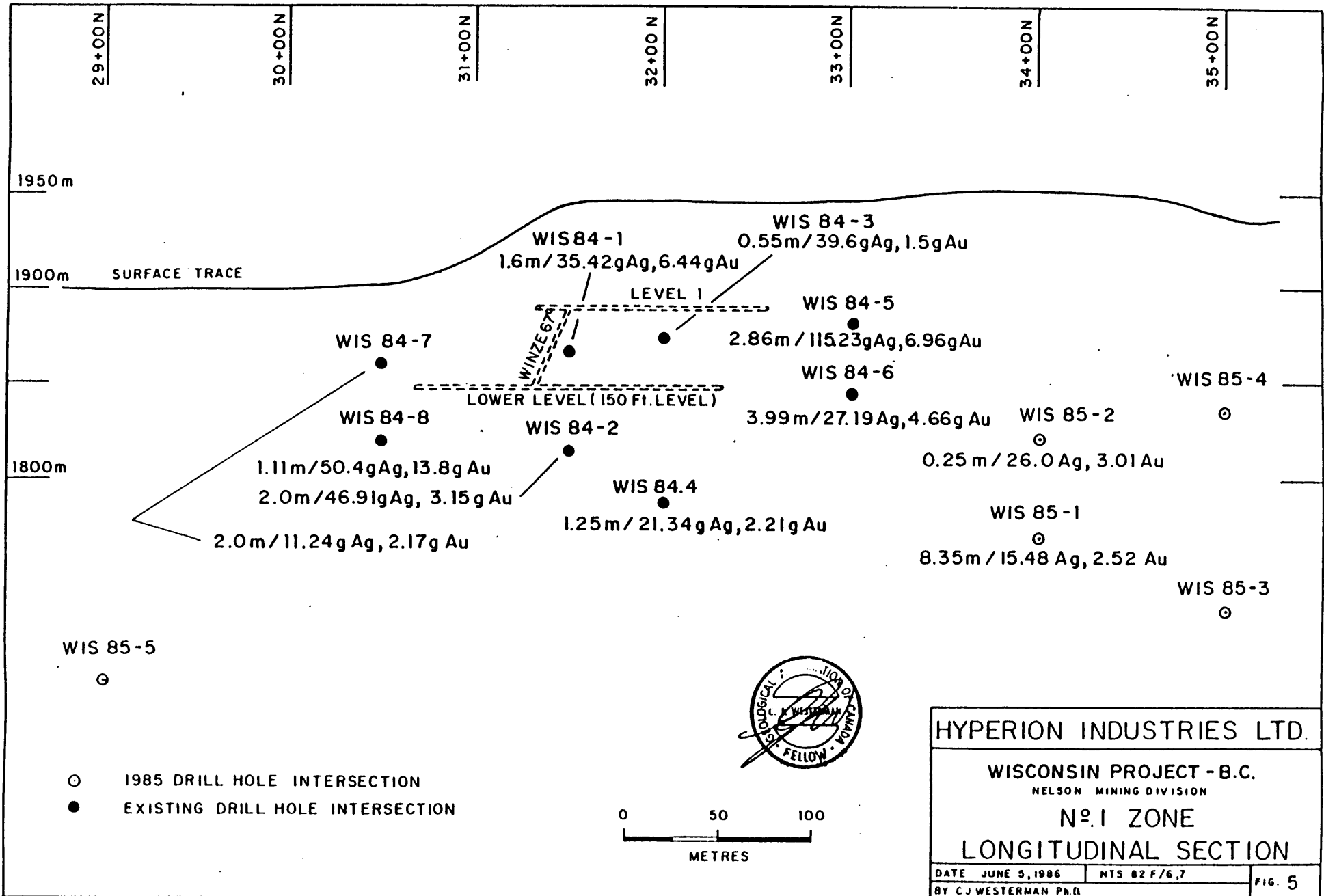


TABLE 3
Check Sampling Results

<u>Sampler</u>	<u>Sample No.</u>	<u>Width</u>	<u>g/t Au</u>	<u>g/t Ag</u>	<u>% As</u>	<u>% Cu</u>
<u>Underground Adit No. 1</u>						
Westerman	86WR20	0.7m	13.1	106.0	18.1	0.61
Esperanza	69150	0.7m	13.0	51.8	18.1	N.A.
Westerman	86WR21	1.6m	18.5	120.0	20.2	0.95
Esperanza	69135	1.6m	15.5	118.6	15.0	N.A.
Westerman	86WR22	2.0m	10.5	42.2	5.9	0.16
Esperanza	69128	2.0m	46.6	108.3	13.2	N.A.
<u>Trench T - 12</u>						
Westerman	86WR23	1.2m	5.3	109.0	14.4	0.43
Esperanza	69095	1.8m	7.9	64.5	7.5	N.A.
Westerman	86WR24	1.6m	21.9	113.0	15.6	0.07
Esperanza	69093	1.1m	8.1	129.6	16.8	N.A.

The No. 2 zone is explored by a short adit and consists of a series of narrow limonitic shears at the contact between quartz diorite and siliceous schist, both of which are intensely altered. Chip samples taken at the caved portal returned values to 133.7 g/t silver and 2.6% arsenic with weak gold values in the 0.75 g/t range. The short underground workings do not adequately explore the zone exposed in the portal and chip samples returned only weak metal values (Holland 1981).

A shallow caved shaft exposes the No. 3 zone which follows a narrow but strong shear in quartz diorite. The limonitic and arsenic oxide stained shear is about 0.2 metres in width. The No. 4 zone follows a contact between quartz diorite and a marble horizon for at least 300 metres along strike with widths up to 3 metres. Rock samples from 15 sloughed trenches along the zone returned geochemically anomalous values for silver and

arsenic. The No. 5 zone has been traced in sloughed trenches over a length of 45 metres with widths up to 4.4 metres. A sample from one trench assayed 7.6 g/t gold, 787 g/t silver and 9.6% arsenic across a width of 1.7 metres. The No. 3 adit presumably was driven to test parts of the No. 3 and No. 5 zones but sampling data is not available and the adit portal is caved.

The Black Douglas zone is located on the south side of Hughes Creek on the Wis 4 claim, two kilometres southeast of the main Wisconsin zones. The zone was explored in 1946-7 by 29 hand trenches, a short adit and shaft over a length of about 200 metres. The recessive weathering zone is hosted by quartz-diorite and is similar in many respects to the No. 1 zone on the Wisconsin. Three grab samples of dump material assayed 6.7 g/t Au and 15.7 g/t Ag; 12.8 g/t Au and 80.9 g/t Ag; 28.3 g/t Au and 332.2 g/t Ag. Chip samples of oxidized material from trenches returned low but definitely anomalous values for gold and silver (Holland 1981).

The south zone, located 1 km west-southwest of the Black Douglas zone was discovered in 1984. The showing consists of a quartz vein in highly sheared mafic metavolcanic host. The vein is up to 2.5 metres in width and carries chalcopyrite, pyrite and pyrrhotite. Values up to 240 ppb Au have been returned from chip samples.

The mineralized zones display several features normally considered to be characteristic of hydrothermal replacement along shear structures. Esperanza (Holland 1981) referred to the zones as "veins" and made reference to replacement of carbonates by silica and sulphides. B.P.-Selco (Grant 1984-85) considered the possibility that the mineralization was originally syngenetic of a sedex exhalative type and that subsequent shearing and remobilization during granitic intrusion had considerably modified original features.

MINERAL RESERVE ESTIMATES

At the time of completion of underground work "potential ore reserves" in the No. 1 zone were estimated to be 50,000 tons of 12.3 g/t gold and 109.7 g/t silver (Lakes 1945). Ten of the B.P.-Selco holes drilled in 1984-85 intersected significant mineralization but at widely spaced intervals (50 -

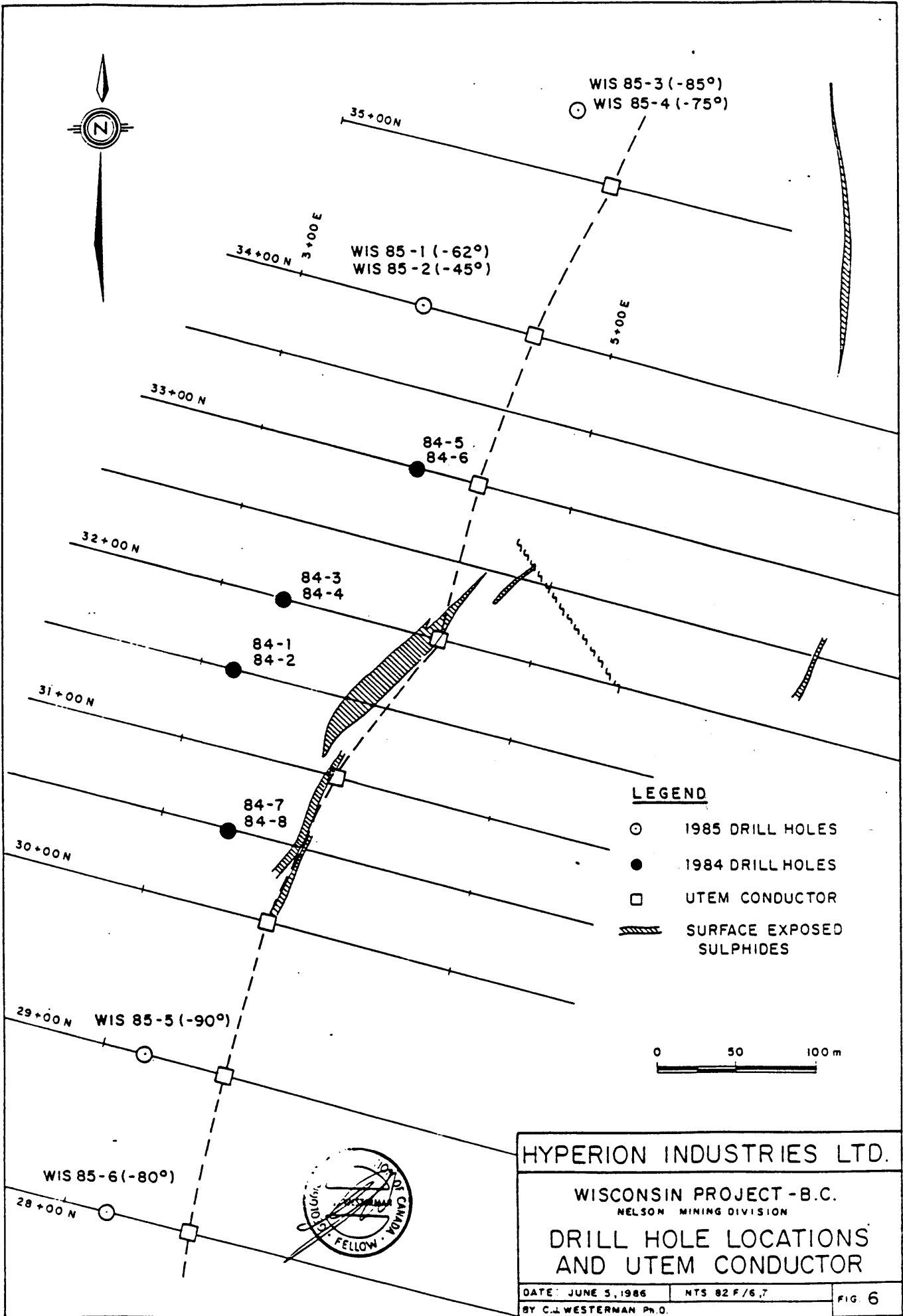
150 m). Grant (1985) reports that "...The ore grade zone has now been tested about 350 metres along strike and to a depth of about 150 metres to define a zone with an average width of 2.48 metres, grading 4.02 grams of gold and about 35 grams of silver. At a specific gravity of about 3 to 3.5, this indicates that the tonnage potential is slightly over 400,000 tonnes." R. Holland has recalculated the B.P.-Selco drill data to arrive at a mineral reserve estimate of 338,921 tonnes grading 6.02 g/t gold and 51.5 g/t silver over an average width of 1.34 metres. The current author has reviewed Holland's reserve calculations and, whilst they do not adhere strictly to standard practice because of the wide-spaced drill data, they do nevertheless provide a reasonable estimate of the mineral reserve currently outlined.

The author concurs that there exists a drill indicated mineral reserve approximating Holland's estimate but cannot place any confidence limits on this reserve. The author also declines to independently calculate a reserve due to uncertainties related to the irregular grade and lensoid nature of mineralization in addition to the relatively wide spacing of drill hole data.

GEOPHYSICS AND GEOCHEMISTRY

A soil geochemical survey was undertaken in the 1.6 sq. km area surrounding the main Wisconsin showings by Esperanza in 1980. Well defined coincident gold-arsenic-silver anomalies were outlined over areas of known mineralization (Figure 4). No anomalies were obtained in the area south of the Main Showings - perhaps due to the presence of thicker overburden and an absence of outcrop. Four areas of anomalous values were obtained in the area north and west of the Main Showings but detailed follow-up has not, apparently, been undertaken.

Esperanza attempted an orientation Crone EM survey in 1980 but failed to outline any significant conductive zones. A UTEM survey undertaken by B.P.-Selco in 1984 identified a single linear conductive zone which extended the entire length of the survey area (1200 metres). One section displaying enhanced conductivity corresponds to the known strike length of the Wisconsin No. 1 mineral zone (Figure 6).



CONCLUSIONS AND EXPLORATION POTENTIAL

The Wisconsin property hosts a drill indicated mineral deposit in the No. 1 zone containing in the order of 340,000 tonnes at an average grade of 6.0 g/t gold and 51.5 g/t silver with an average width of roughly 1.3 metres. The deposit includes a reasonably well defined "probable mineral reserve" of about 50,000 tons grading 12.3 g/t gold and 109.7 g/t silver. Uncertainties in the reserve estimate will remain until the deposit has been drilled off at closer spacing (50 metres) than is currently the case. The deposit has been drilled to a depth of 150 metres and is open at depth. The deposit has not been adequately tested along strike and there is considerable potential for discovery of additional reserves by drill testing other mineralized zones exposed at surface.

There is certainly exploration potential still available for expansion of reserves in the No. 1 zone at depth and along strike. The 1985 drill holes were step-outs to the north and south, designed to test a major UTEM conductor, which is partly coincident with the No. 1 zone in the vicinity of the underground workings (Figure 6). The conductor is a major through-going feature with a known strike length of 1200 metres (open at both ends) which has only been drill tested over a length of 700 metres. If mineralization is genetically associated with this conductor there is a high potential for discovery of new mineralized zones which may not outcrop on surface. It is noted, however, that step-out holes 85-3 to 85-6 did not intersect any structure which might explain the UTEM conductor. It is also noted that the conductor diverges from the apparent surface trace of mineralization and is not affected by northwest trending cross faults which displace lithologic contacts (Figure 4). Geologic mapping suggests that mineral zones 2, 3, 4 and 5 may originally have been a continuous linear zone which has been displaced by the northwest trending faults. Surface sampling along this trend has returned anomalous metal values for gold, silver and arsenic, accompanied by alteration similar to that associated with the No. 1 zone. The #3 adit presumably tested parts of the No. 3 and No. 5 zones but sampling data is not available and the adit is caved. The 400 metre strike length of the combined No. 3, 4 and 5 zones represent an attractive exploration target that warrants testing by drilling.

Only about ten percent of the property has been adequately explored on surface and continued exploration outside of the Main Showing area is definitely warranted.



Previous attempts to develop the property (pre 1945) were unsuccessful, in part, because of metallurgical problems related to the refractory nature of the mineralization and the relatively high arsenic content. These problems remain but a solution might be attainable by application of modern metallurgical research testing.

RECOMMENDATIONS

It is recommended that a Phase 1 program of approximately 1000 metres of diamond drilling be undertaken. The majority of this drilling should be directed towards better definition of the No. 1 mineral zone, which will lead to calculations of a mineral reserve. Coincident with drilling, it is also recommended that a thorough prospecting program be undertaken to determine if previously unrecognized mineral zones exist on this rather large property. Contingent on favourable results from Phase 1, it is recommended that a Phase 2 program, also consisting of 1000 metres of diamond drilling, be undertaken. The Phase 2 program should be directed towards expanding the reserve of the No. 1 zone and also to testing at depth the other mineral zones currently recognized at surface. It is further recommended that, during Phase 1, consideration be given to the best method of solving the metallurgical problems and that during Phase 2 some financial resources be expended on metallurgical test work.

It is estimated that the cost of the recommended Phase 1 program will be approximately \$100,000 and that of the recommended Phase 2 program will be approximately \$110,000. Further recommendations for future development of the property are beyond the scope of this report.

Vancouver, B.C.
June 5th, 1986



C.J. Westerman, Ph.D., F.G.A.C.
Consulting Geologist

COST ESTIMATE

Phase 1

Diamond drilling: 1000 m NQ at \$75/m	\$ 75,000
Assays: 200 at \$30	6,000
Salaries:	
Geologist: 30 days at \$250/day	7,500
Assistant: 25 days at \$100/day	2,500
Equipment, camp supplies, food, fuel	3,000
Travel, freight, vehicle rental	2,000
Drafting, printing, office supplies and communication	1,000
Engineering	<u>3,000</u>
Total Phase 1	<u>\$ 100,000</u>

Phase 2

Diamond drilling: 1000 m NQ at \$75/m	\$ 75,000
Assays: 200 at \$30	6,000
Salaries:	
Geologist: 30 days at \$250/day	7,500
Assistant: 25 days at \$100/day	2,500
Equipment, camp supplies, food, fuel	3,000
Travel, freight, vehicle rental	2,000
Drafting, printing, office supplies and communication	1,000
Engineering	3,000
Metallurgical testing	<u>10,000</u>
Total Phase 2	<u>\$ 110,000</u>



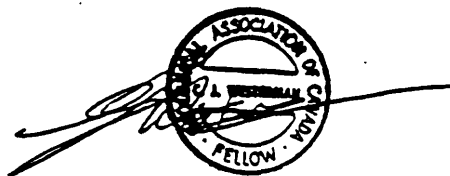
Vancouver, B.C.
June 5th, 1986

C.J. Westerman, Ph.D., F.G.A.C.
Consulting Geologist

CERTIFICATION

I, Christopher John Westerman, hereby certify that:

1. I am an independent Consulting Geologist with an office at 1010 - 470 Granville Street, Vancouver, British Columbia, V6C 1V5.
2. I am a graduate of London University, England with the degree of Bachelor of Science in Geology (1967); of the University of British Columbia with the degree of Master of Science in Geology (1970) and of McMaster University, Ontario with the degree of Doctor of Philosophy in Geology (1977).
3. I am a Fellow in the Geological Association of Canada (F.525) and a member of the Canadian Institute of Mining and Metallurgy.
4. I have practised my profession in North America since 1967, having worked as employee and consultant for several International Mining Corporations and Junior Resource Companies.
5. I have not, directly or indirectly, received or expect to receive any interest, direct or indirect, in the properties of Hyperion Industries Ltd. or any affiliates or of any property within a radius of ten kilometres of subject property, or beneficially own, directly or indirectly, any securities of the company or of any affiliates.
6. This report is based upon a personal examination of all available company and government reports pertinent to the subject property, and upon a field examination of the property on May 23rd, 1986.
7. I consent to the use of this report in, or associated with, the filing of a Prospectus or a Statement of Material Facts by Hyperion Industries Ltd.



June 5th, 1986
Vancouver, B.C.

C.J. Westerman, Ph.D., F.G.A.C.
Consulting Geologist