

Eskay Creek

British Columbia, Canada

802828



ACCESS In April 1991, the Government of British Columbia announced that it will support construction of a portion of the 40 mile (65 km) access road from Highway 37 to Eskay Creek. This 22 mile (36 km) portion which would terminate at Volcano Creek is expected to be completed in 1991 and could also access the Snip mine, the only producing mine in the immediate vicinity, should that mine decide to build a connecting road. The balance of the road to Eskay Creek is expected to be completed in 1992. Eskay Creek is presently serviced by helicopters (figure 5) from the Snip airstrip (Bronson Creek) some 30 miles (50 km) west or from the Bell-2 site about 25 miles (40 km) northeast of the Eskay Creek property. The road will facilitate movement of materials and equipment to and from Eskay Creek and establish a 150 mile (250 km) link with Stewart, a community with a population of approximately 1,000 people. Eskay Creek itself is nestled amidst properties in various stages of exploration, development or production. Snip is a 60/40 joint venture between Cominco Ltd. and Prime Resources Group Inc. (Corona 49.8%). This 330 ton (300 tonne) per day operation which went into production in January 1991, was completed on time and on budget and is expected to produce about 95,000 ounces of gold annually at a cash cost of about US\$200/oz.

HISTORY The Eskay Creek property was staked in the early 1930's by a syndicate headed by Tom Mackay. Early exploration activity included prospecting, trenching and diamond drilling. Between 1935 and 1946, the outcropping mineralization was trenched, sampled and assayed. Additional drilling was conducted on the property and the 360 foot (110 metre) Mackay adit was developed to test mineralization at depth. From 1947 until 1964, the property saw more drilling, trenching and cross-cutting. In 1964, it was registered under the name of Consolidated Stikine Silver Ltd., a company run by Tom Mackay and his associates. Stikine optioned it to a series of companies that continued sporadic geological and geochemical programs.

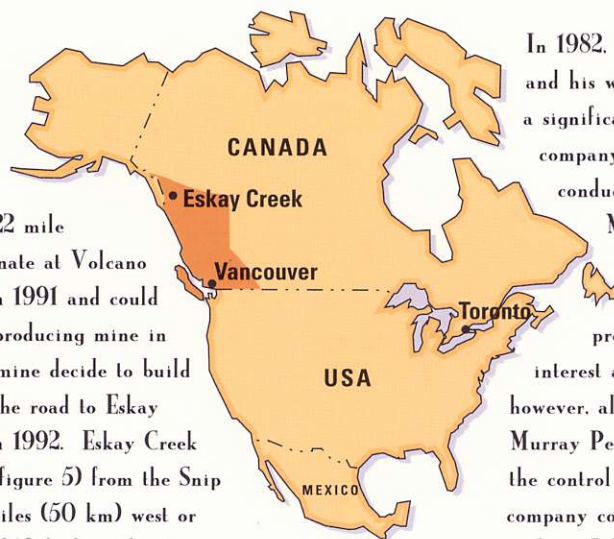
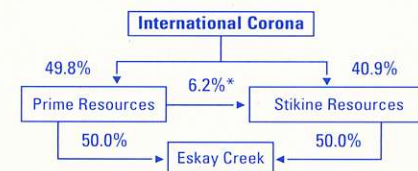


Figure 1
ESKAY CREEK
IS LOCATED
600 AIR MILES
FROM VANCOUVER
IN NORTHERN
BRITISH
COLUMBIA.



Figure 2
ESKAY CREEK EXPLORATION CAMP
NESTLED IN A PICTURESQUE VALLEY.



* Includes 3.6%, on which Prime has the right of first refusal.

Figure 4

CORONA'S OWNERSHIP OF THE ESKAY CREEK PROJECT

In 1982, Tom Mackay died at the age of 79 and his widow Marguerite Mackay was left with a significant position in Stikine. By 1988, the company ran out of money and was unable to conduct further exploration at Eskay. Mrs. Mackay turned to Ron Netolitzky and his associates. Their company called Calpine Resources Inc. optioned the property from Stikine to earn a 50% interest and become the operator. Calpine, however, also needed to raise money and turned to Murray Pezim for help. Thus, Calpine came under the control of Prime Resources Corporation, a company committed to raising money for juniors such as Calpine and Stikine. Calpine proceeded with an extensive exploration effort which culminated in August 1989, when hole 109 hit 682 feet (208 metres) of mineralization averaging 0.875 ounces of gold and 0.97 ounces of silver per ton, 1.12% lead and 2.26% zinc. Calpine fulfilled its obligation to Stikine and emerged as a 50% participant and the operator of Eskay Creek. Corona Corporation, from its formation in June 1988, was the single largest

corporate shareholder of Prime which in turn merged with Calpine in April 1990. Calpine and then Prime have undertaken a total of more than 500,000 feet (150,000 metres) of diamond drilling in over 650 holes on the Eskay Creek property. In July 1990, Corona acquired a controlling 40.9% block of Stikine from Mrs. Mackay, Ron Netolitzky and their associates. With the recently announced restructuring and upon completion of its share consolidation, Corona Corporation was renamed International Corona Corporation. This company holds 49.8% of Prime Resources Group Inc., a successor company to Prime Resources Corp. Prime owns or has the right of first refusal on 6.2% of Stikine of which it owns 2.6% resulting in Corona's net 46% interest in the Eskay Creek project (figure 4). Placer Dome, as a shareholder of Stikine, owns the second largest position in Eskay Creek amounting to about 22%.

GEOLOGY AND RESERVES

The Eskay Creek deposit consists of four different mineralized zones, namely the 21A, 21B, 21C, and the Pumphouse Lake zone (figure 6).

The 21B zone is of major economic interest and is the primary focus of the current technical study.

The main stratigraphic units encountered in the 21B zone are a hangingwall unit of banded mudstone and andesite, a carbonaceous mudstone contact unit, footwall rhyolite and a dacite basement unit. The carbonaceous mudstone contact unit is host to massive sulphide mineralization containing precious and base metals. Potentially economic ore grade intervals have also been encountered within the footwall rhyolite and to a lesser extent in the hangingwall unit.

Approximately 80% of the precious metals are located within this contact unit in a sheet-like body referred to as the main contact lens. This lens varies in thickness between 7 and 40 feet (2 and 12 metres) and dips predominantly at an angle of about 45 degrees to the northwest (figure 7). Probable geological reserve estimates calculated at a cut off grade of 0.25 ounces of gold per ton were produced in September 1990. They are as follows:

Deposit	Tons	Grade	
		Gold (oz./ton)	Silver (oz./ton)
21B	1,992,000	1.47	55.77
21A	72,000	0.72	6.90

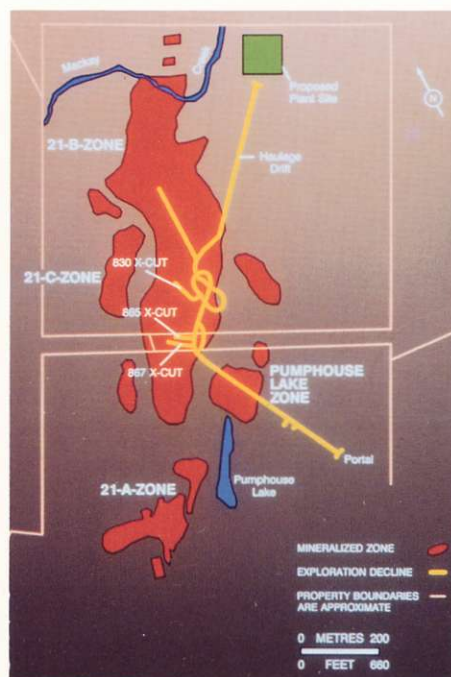
The deposit also contains base metal values. Earlier work by Roscoe Postle Associates on the 21B deposit indicated an average zinc grade of 5.4% and lead grade of 2.2% calculated at a cut off grade of 0.25 oz. of gold per ton. Average copper grades appear to be about 0.7%.

A 40 hole underground diamond drill program totalling 8,300 feet (2,500 metres) was completed in March 1991. One of the objectives of this program was to provide closer drill spacing in the key central sector of the main contact lens and to provide additional material for metallurgical testing. Thirteen holes in this area returned mineralized intervals ranging from 7 to 36 feet (2 to 11 metres) true width.



Figure 5
THE BELL-205 HELICOPTER IS DELIVERING A LOAD OF 350 GALLONS OF FUEL. THE PORTAL OF THE EXPLORATION DECLINE IS IN THE BACKGROUND.

Figure 6
PRINCIPAL MINERALIZED ZONES PROJECTED TO SURFACE



Assays from these intercepts averaged 3.07 oz/ton gold, 154 oz/ton silver, 9.13% zinc, 4.86% lead and 1.28% copper. These values further confirm the continuity of the lens with respect to both grade and thickness. Future operating plans encompass mining of two ounce of gold and equivalent per ton material for most of the mine life.

Other deposits referred to as the "21C" and "Pumphouse Lake zone" have been identified by surface drilling. While they remain interesting targets for further work, no reserves have yet been assigned to these areas.

MINING Underground investigation of the deposit commenced in July 1990. Since that time, Tonto Mining have completed approximately 6,600 feet (2,000 metres) of development including three cross-cuts through the main contact ore zone. Ore was stockpiled at surface (figure 8). The Tonto contract was fulfilled in May 1991 with the completion of a 1,500 foot (450 metre) haulage drift exiting at the proposed plant site. A bulk sample for pilot plant testwork was also mined. Ground conditions to date have been much as expected with support requirements ranging from spot bolting to steel sets in areas of more severe

faulting. For longer term support, it is probable that supplementary shotcrete will be required in some places. Water in-flow has remained fairly steady at 25-30 gallons (115-135 litres) per minute throughout the development program.

A test mining program in the orebody is being planned for the summer of 1991. Chip samples from the three ore cross-cuts reconciled well with adjacent surface drill results.

Ground conditions in the 865 and 867 cross-cuts were manageable. The ore in this area is uniformly bedded and rock bolting and strapping was sufficient to maintain integrity in the 11.5-13 foot (3.5 to 4.0 metre) wide cross-cuts.

The ore in the 830 cross-cut was more contorted and shattered requiring timber and screening to provide safe access.

It is expected that similar conditions will be encountered in sections of the high-grade core of the deposit.

	Gold (oz./ton)	Silver (oz./ton)	True Thickness (feet)
830 x - c - chips	4.34*	91.8	25.6
- DDH	3.71	150.0	25.6
865 x - c - chips	2.51	62.6	18.0
867 x - c - chips	1.86	62.0	13.5
combined DDH	2.03	55.7	16.4

(* Individual gold assays cut to 10 ounces of gold per ton)

The overall geometry, ground conditions and extremely high grade of the deposit suggest that underground drift and fill mining method will likely be employed. Extremely high strip ratios, difficult topography and an adverse climate combine to make an open pit scenario unlikely. However, this option will be investigated fully as part of the feasibility study process.

A 700-1,000 ton (650-900 tonne) per day underground operation appears to be the most likely scenario for Eskay Creek. The exact design parameters will be established on the basis of the ultimate mineable reserve calculations and metallurgical considerations which are currently under review.

METALLURGY Although the Eskay Creek deposit is very high grade, its metallurgy is not simple. Corona is currently examining various technologies that would result in:

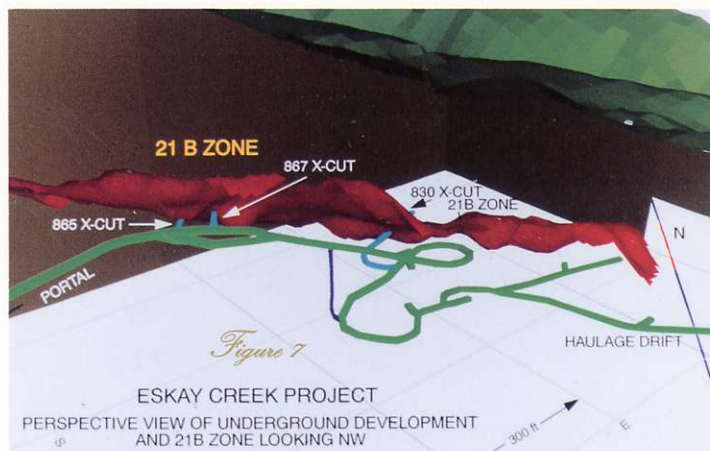
- maximization of gold and silver recovery;
- minimization of capital and operating costs; and
- minimization of environmental impact.

After examining several alternatives, the company is currently focusing on an hydrometallurgical process which would incorporate a gravity circuit (where 15% to 25% of the gold would be recovered) followed by pressure oxidation and cyanidation.

This process, successfully implemented at American Barrick's Goldstrike and Mercur mines as well as Homestake's McLaughlin operation, can achieve gold and silver recoveries exceeding 90%. It is anticipated that final plant design will also incorporate facilities for the recovery of copper and zinc. An extensive metallurgical testing program is currently underway at the Lakefield Research facilities in Ontario. Bench-scale testwork will be followed by pilot-plant testing of a bulk sample in August 1991. The results from this program will be used to optimize process and flow sheet design.

ENVIRONMENTAL CONSIDERATIONS The Eskay Creek project is subject to British Columbia's Mine Development Review Process (MDRP). The MDRP reviews the technical aspects of mine development and ensures that environmental, socio-economic and community issues have been properly addressed. This process is coordinated by the Ministry of Energy Mines and Petroleum Resources and involves a review of the project by both provincial and federal government agencies.

Subsequent to the submission of the April 1990 Environmental Prospectus, a number of studies have been initiated to provide baseline data, including hydrology of the surrounding watershed, surface and groundwater quality, climate, flora and fauna inventories and heritage resource assessments. A comprehensive study is being conducted to determine the acid generating potential of various rock types found at the mine site. These studies will culminate in the spring of 1992 with the submission of the Stage 1 Report to the Mine Development Review Committee. Corona intends to develop the Eskay Creek project in a manner that will ensure that the environment is well protected.



JUNE 1, 1991

ORE MATERIAL EXCAVATED FROM THE 865 CROSS-CUT

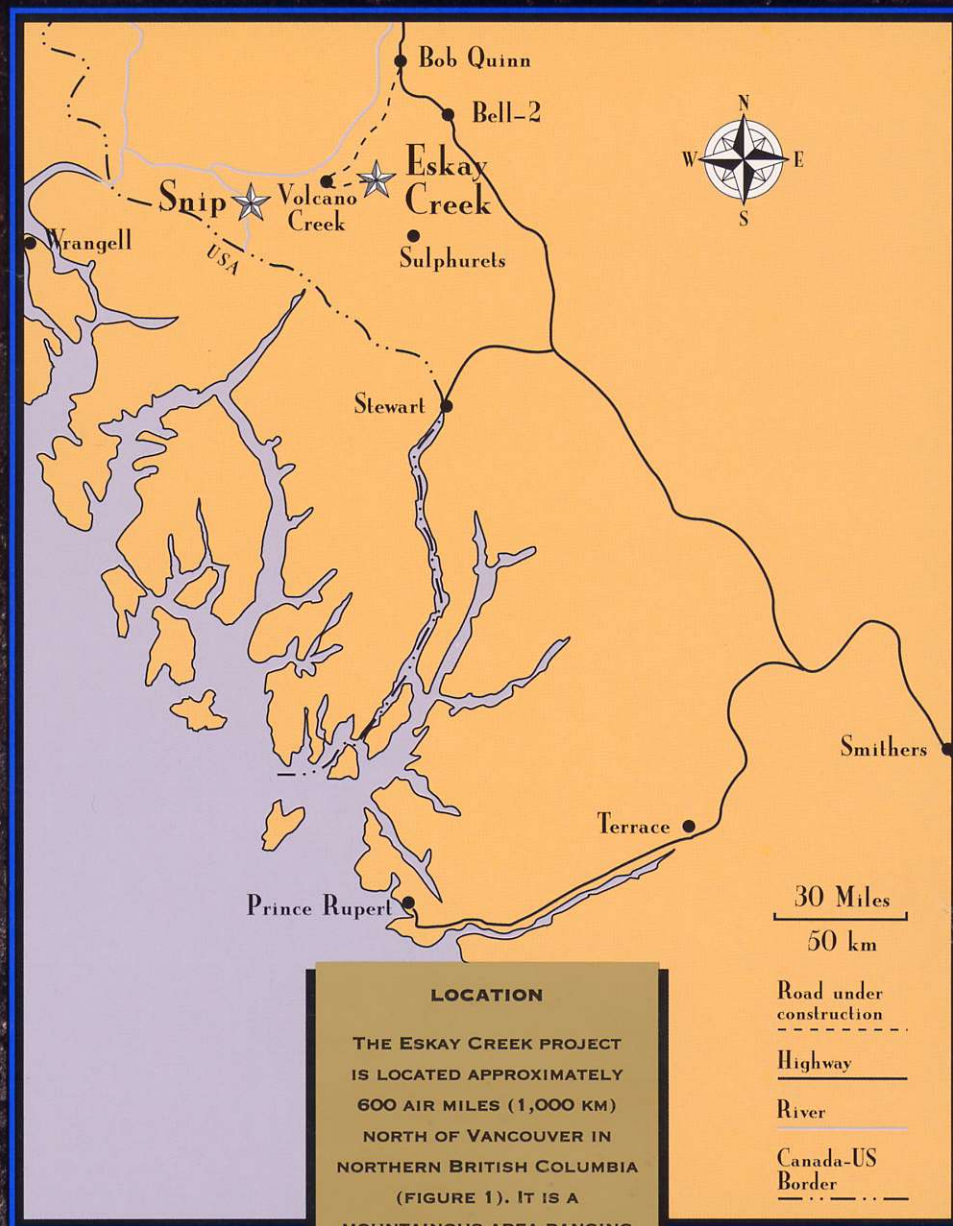


Figure 3

A 40-MILE ACCESS ROAD WILL CONNECT HIGHWAY 37 WITH ESKAY CREEK



AUTUMN AT ESKAY CREEK

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