PROSPECTUS
Feb. 14, 1980.
061965

REPORT ON

THE CLOUD CLAIM GROUP
WINDY ARM - TAGISH LAKE
VICINITY OF CARCROSS, YUKON TERRITORY
105D/1

Prepared for

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September 20, 1979

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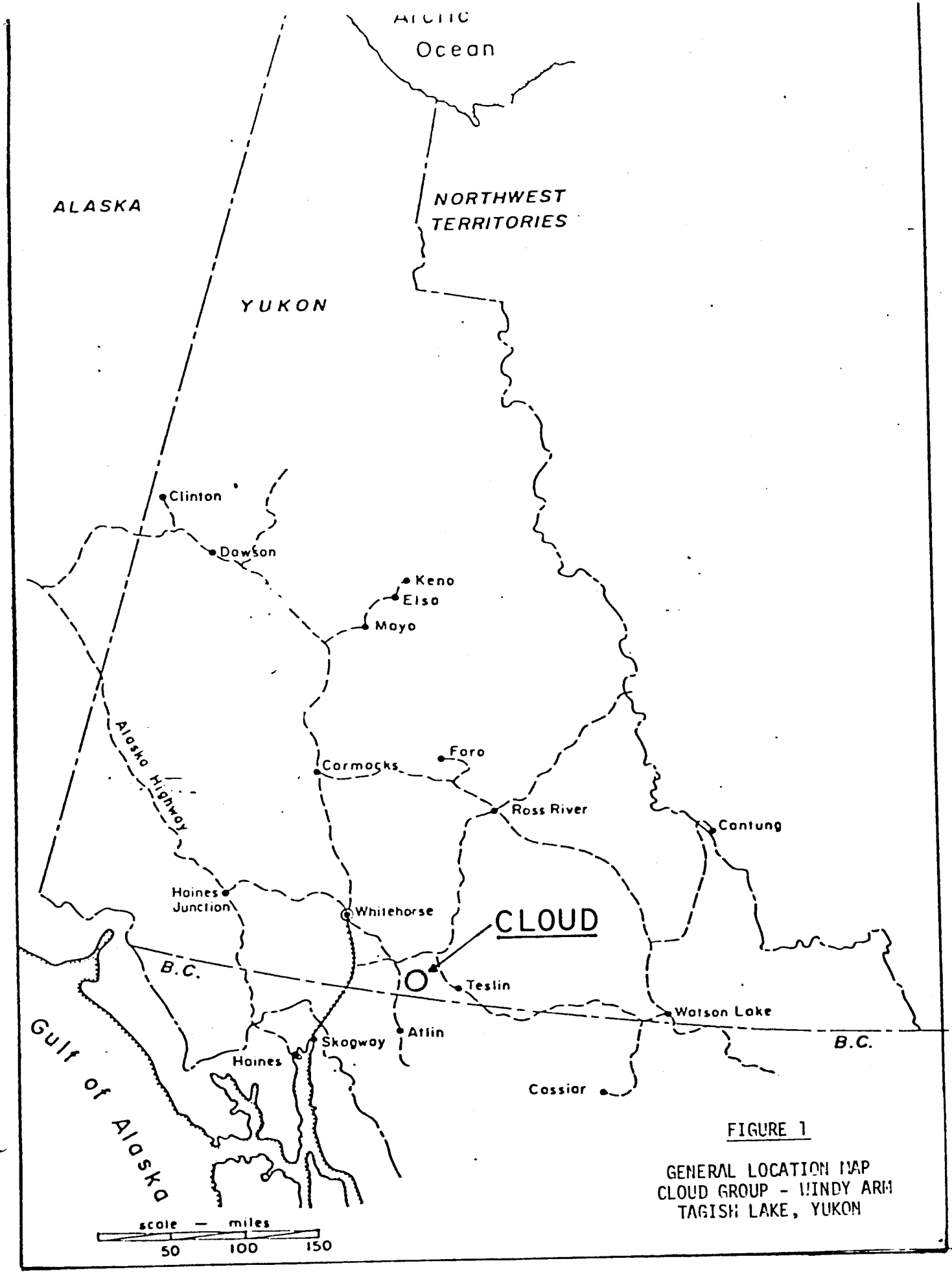

FIGURE 1

GENERAL LOCATION MAP
CLOUD GROUP - WINDY ARM
TAGISH LAKE, YUKON

SUMMARY

The Cloud Claim Group of 40 mineral claims is located 10 miles southeast of Carcross in the Yukon Territory and has good access by air and water.

The claims cover the major part of a stock of Cretaceous granite intruded into limey sediments of Paleozoic age.

Work to date has partially exposed an extensive zone of quartz stringers carrying appreciable amounts of molybdenite and has suggested the possible existence of a large porphyry copper type mineralized body.

A first stage program of diamond drilling plus geochemical and geophysical work is recommended at a cost of $44,000. If successful this would be followed by a larger program involving additional expenditures of $200,000 on diamond drilling.

INTRODUCTION

At the request of Ronald E. Wondga, on behalf of El Paso Energy Corporation, the property was visited on July 12, 1979.

General information was supplied by Mr. Ed Mueller of Vancouver and the writer was accompanied to the property by Mr. Roy Mueller. Transportation was via helicopter from Whitehorse.

Detailed information on previous work, as reported by R. G. Hilker, P.Eng. has been critical to the preparation of this report.

PROPERTY, LOCATION AND ACCESS

The subject property consists of 40 mineral claims as shown on Figure 3 and described as follows:

Claim Names	Grant Numbers	Date of Staking	Date of Record
Cloud 1-40 (inclusive)	YA-24157 YA-24196	All May 23, 1979	All May 25, 1979

Ownership: As represented to the writer; as follows:

1) Active Management Ltd.
#708 - 900 West Hastings Street
Vancouver, B. C. 50%

2) Janric Ltd.
Box 4267
Whitehorse, Yukon 50%

Location: Southern Yukon, 60°05'N; 134°30'W.
50 air miles S.S.E. of Whitehorse. East side of Windy Arm of Tagish Lake.

Access: a) By Air: from Whitehorse, 50 miles
from Carcross, 10 miles
from Venus Road, 4 miles
b) By Water or Ice: from Carcross, 11 miles
c) Future Road from Venus Mine: 13 miles

TOPOGRAPHY, WATER AND TIMBER

Topogrpahy: Fairly regular slopes from Lime Creek.
a) N.E. Elevation 2500' to 5500' A.S.L.
b) S.W. Elevation 2500' to 4000' A.S.L.

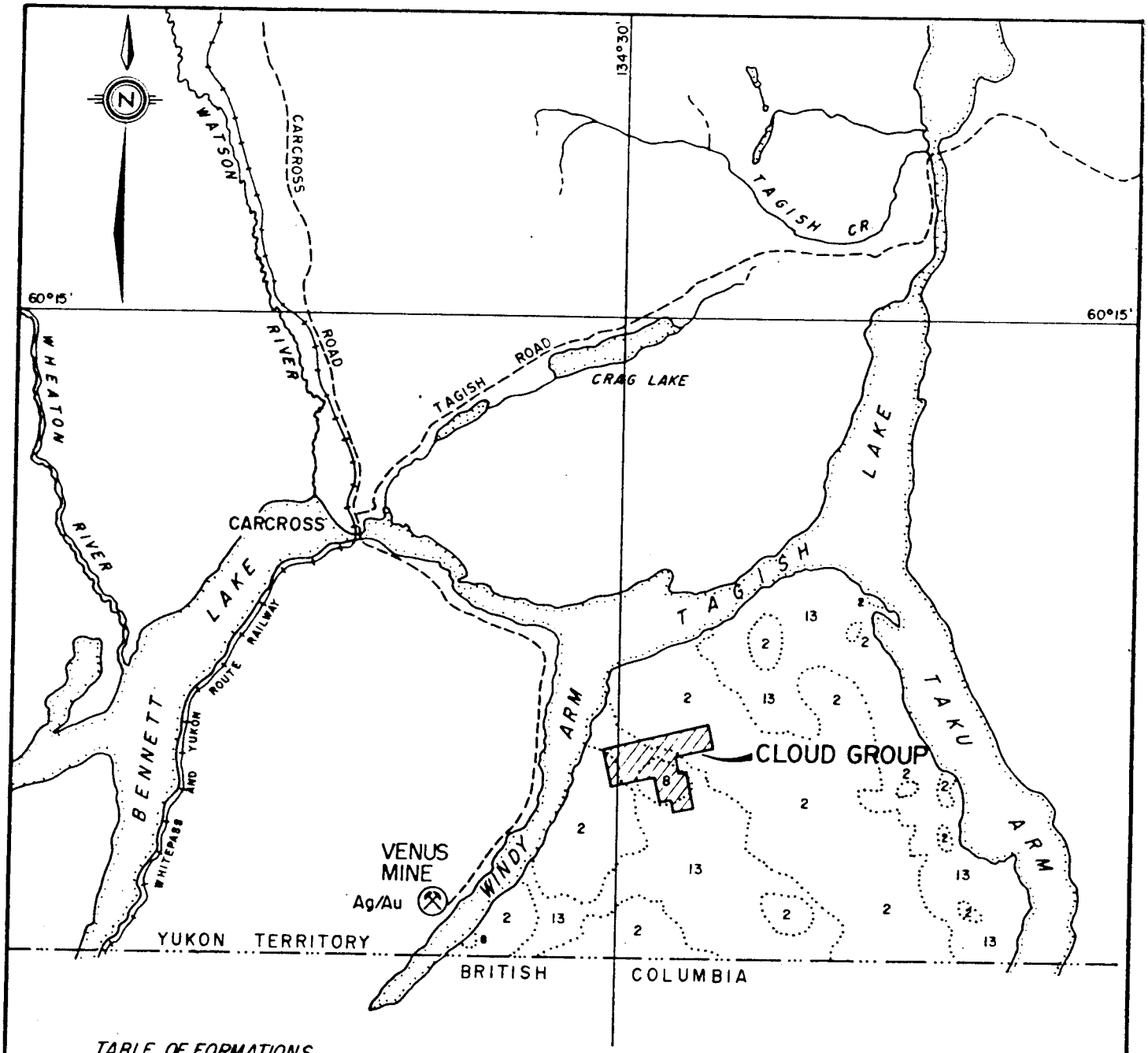

TABLE OF FORMATIONS

CENOZOIC

QUATERNARY

13 – Alluvium and glacial debris

CRETACEOUS

COASTAL INTRUSIVES

8 – Granite and granodiorite

PALAEZOIC

PENNSYLVANIAN and PERMIAN
TAKU GROUP

2 – Chert, greenstone flows, limestone and volcanics.

FIGURE 2

GENERAL GEOLOGY
VICINITY OF CLOUD CLAIM GROUP
WINDY ARM, YUKON

SCALE 1 INCH 4 MILES (APPROX.)

L. TRENHOLME, P Eng. SEPT. 20, 1979

Water Supply: Lime Creek is adequate for camp and possibly for milling.

Small seepages, adequate for drilling were noted near the principal showings.

Timber: Light to medium forest cover, mainly pine.

TRANSPORTATION

13 miles of road construction would be required to connect with the Venus Road, for a total of 26 miles to rail access at Carcross. Carcross is approximately 40 rail miles from Whitehorse and about 50 rail miles from tidewater at Skagway. A good road connects Carcross with Whitehorse.

POWER

Availability of hydro-electric power might be influenced by developments at the Adanac molybdenum deposit near Atlin.

GENERAL GEOLOGY

(Reference: G.S.C. Map 1093A - Whitehorse Sheet and Figures 2 and 3 hereof)

The Cloud Claim Group covers about 80% of the outcrop area of a small granite stock, about 5000 feet in diameter, which has been intruded into Paleozoic strata of the Taku Group.

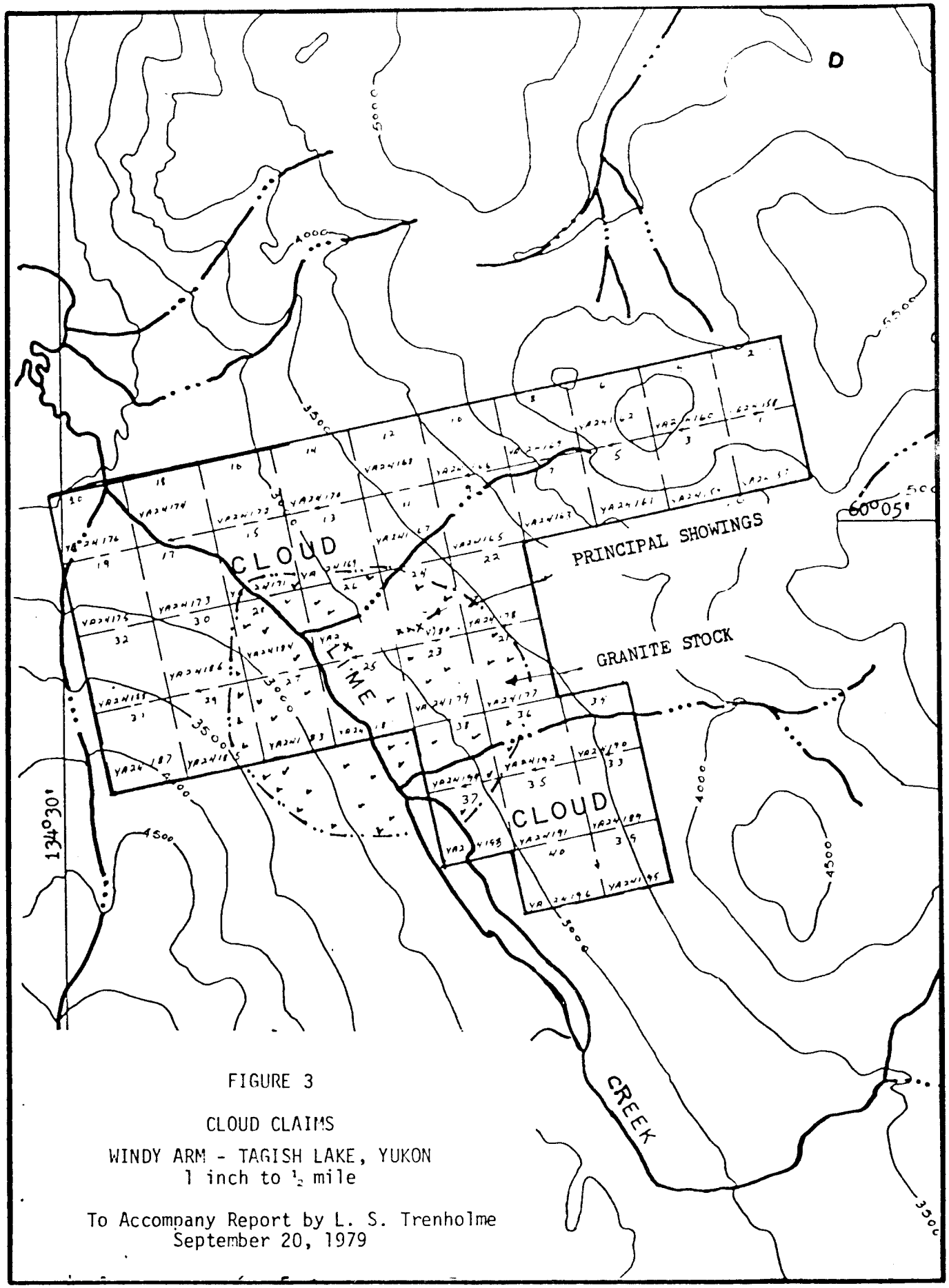

FIGURE 3

CLOUD CLAIMS

WINDY ARM - TAGISH LAKE, YUKON
1 inch to ½ mile

To Accompany Report by L. S. Trenholme
September 20, 1979

Molybdenite mineralization has been found principally in ENE-striking sets of quartz veinlets within the stock, whereas numerous chalcopyrite-bearing floats have been noted in the vicinity of the intruded limestone.

LOCAL GEOLOGY

The following descriptions are quoted directly from a report by R. G. Hilker, P.Eng., dated December 15, 1970.

"The molybdenite prospect is contained within a granite stock that is located to the east of Lime Creek. The granite stock continues to the west side of Lime Creek but is barren of molybdenite mineralization. The molybdenite mineralized zone in the granite, on the east side of Lime Creek, measures roughly 3600 feet east-west and 4800 feet north-south. Molybdenite mineralization occurs near Line 44+00 N along an east-west strike distance of 20+00 feet. Within the 20+00 feet strike distance of molybdenite mineralization, 800 feet is overburden covered, and no molybdenite can be observed in place. Numerous angular boulders and cobbles are contained in the overburden and are heavily mineralized with molybdenite.

The granite is Cretaceous in age, and has been mapped by the Geological Survey of Canada as Coastal Intrusives. The igneous stock contacts with the Taku Group, that is Pennsylvanian and Permian in age, greenstone and volcanic rocks. To the east of the granite stock and at a stratigraphic higher elevation, limestone beds of the Taku Group are exposed.

Two creeks, that drain down slope across the granite stock, strike nearly east-west and appear to be structurally-controlled. The drainage system has a strike similar to the molybdenite mineralized zone that is adjacent to Line 44+00 N.

The mineralized zone is contained on an eastern-rising gentle slope between the elevations of 2700 feet and 4000 feet.

The granite is stained a reddish limonitic color due to finely disseminated chalcopyrite and pyrite. The staining occurs throughout the stock in patches and covers approximately 75 percent of the exposed granite.

The granite stock is jointed and fractured, adjacent to Line 44+00 N

and 30+00 W to 10+00 W, and numerous narrow quartz veins (¼-2 inches in thickness) cut the granite. One quartz vein observed was a maximum of 6 inches thick. The granite appears to be fresh but in parts, adjacent to the quartz veins, sericite and chlorite occurs."

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"Molybdenite mineralization occurs in the following manner in conjunction with quartz veins in the granite stock. As previously mentioned under the GEOLOGY section, the mineralization occurs along a 2000-foot east-west strike distance:

1. Rosettes of molybdenite (¼-to-½ inch diameter) in quartz veins that are 1/8-inch to 2 inches thick. In places the veins pinch and swell with no uniform thickness.

2. Molybdenite mineralization on the walls of the quartz veins and in contact with the host granite rock.

3. Rosettes of molybdenite in the granite host rock. This type of mineralization occurs adjacent to quartz veins and veinlets at a distance from 2-to-3 feet on either side of the vein system.

4. Finely disseminated molybdenite mineralization in the granite host rock adjacent to quartz veins and veinlets. This type of mineralization occurs 1-to-2 feet from quartz veins.

The following strike and dip data was collected during the field season of 1969 on the quartz veins and jointing in the granite host rock that contains the molybdenite mineralization:

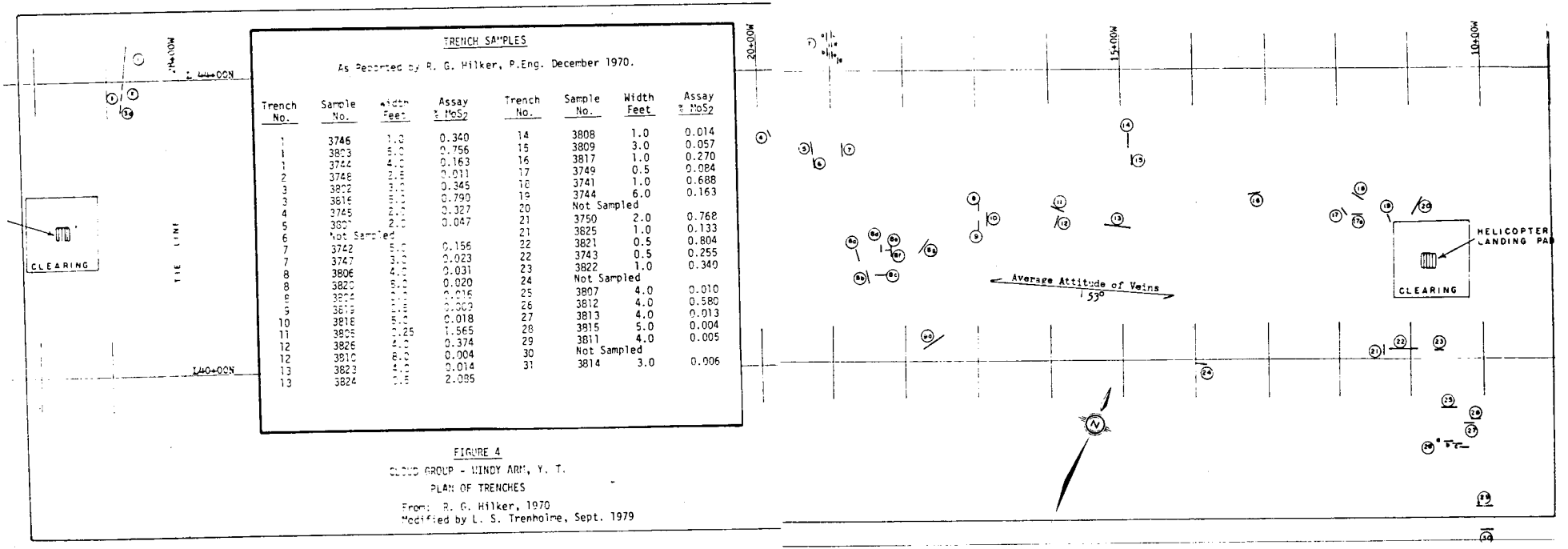
1. Quartz Veins: Average Strike - N 68° E
   Dip - 53° S

2. Jointing Data: Average Strike - N 10° E
   Dip - 85° E

This molybdenite mineralization should be probed at depth for continuation from the surface along the vein system."

WORK HISTORY

1966 - 6 x-ray diamond drill holes near the western helicopter pad. Results of this drilling were not available at time of writing, September, 1979.



TRENCH SAMPLES

As Reported by R. G. Hilker, P.Eng. December 1970.

Trench No.	Sample No.	Width Feet	Assay % MoS_2	Trench No.	Sample No.	Width Feet	Assay % MoS_2
1	3746	1.0	0.340	14	3808	1.0	0.014
1	3803	5.0	0.756	15	3809	3.0	0.057
1	3744	4.0	0.163	16	3817	1.0	0.270
2	3748	3.5	0.011	17	3749	0.5	0.084
3	3802	3.0	0.345	18	3741	1.0	0.688
3	3816	5.0	0.790	19	3744	6.0	0.163
4	3745	2.0	0.327	20	Not Sampled		
5	3801	2.0	0.047	21	3750	2.0	0.768
6	Not Sampled			21	3825	1.0	0.133
7	3742	5.0	0.156	22	3821	0.5	0.804
7	3747	3.0	0.023	22	3743	0.5	0.255
8	3806	4.0	0.031	23	3822	1.0	0.340
8	3820	5.0	0.020	24	Not Sampled		
9	3804	2.0	0.016	25	3807	4.0	0.010
9	3819	5.0	0.003	26	3812	4.0	0.580
10	3818	5.0	0.018	27	3813	4.0	0.013
11	3805	0.25	1.565	28	3815	5.0	0.004
12	3826	4.0	0.374	29	3811	4.0	0.005
12	3810	6.0	0.004	30	Not Sampled		
13	3823	4.0	0.014	31	3814	3.0	0.006
13	3824	2.5	2.085				

FIGURE 4

CLOUD GROUP - WINDY ARM, Y. T.

PLAN OF TRENCHES

From: R. G. Hilker, 1970
Modified by L. S. Trenholme, Sept. 1979

1968-1969 Line-cutting, geological mapping, soil sampling, magnetic survey; rock trenching and sampling.

The above work was carried out on the recommendations of Dr. A. C. Skerl (deceased 1969) for the B. C.-Yukon Exploration Company Ltd. (N.P.L.) and was supervised by R. G. Hilker, P.Eng.

RESULTS OF WORK

1. Prospecting and rock trenching have partially explored a zone of molybdenite-bearing quartz veinlets exposed intermittently over a width of about 400 feet. The average strike of the veinlets is N68°E and average dip is 53°S.E. Other molybdenite occurrences have been noted at numerous locations within the granite stock.

2. Sampling of rock trenches has returned values up to 0.790% MoS_2 across 5 feet. Assays of individual trench samples are shown on Figure 4.

3. Soil sampling has outlined a roughly elliptical zone of moderate molybdenum values (2000' x 2800') mainly to the south of the trenching area and is partly co-incident with an extensive copper anomaly of moderate intensity.

4. The magnetic survey results are featureless with a uniform intensity of about 3600 gammas (vertical component).

5. Results of the 6 x-ray diamond drill holes put down in 1966 are not available at time of writing.

NATURE AND RESULTS OF EXAMINATION

During a one-day examination on September 12, 1979 the writer was primarily interested in checking the trench-sample locations. It was apparent that the sampling had been well done and that visual checks confirmed the assay results.

It was further noted that most of the trenches had been blasted in small scattered outcrops and that not all mineralized stringers had been prepared for sampling. Furthermore, the nature of the terrain makes it impossible to ascertain the potential of lightly overburdened rock between the various showings.

CONCLUSIONS AND RECOMMENDATIONS

1. Within the area examined there appears to be a potential for developing economic reserves over widths of 6 feet to 10 feet grading 4 to 6 pounds MoS_2 per ton with the possibility of extending these to 20 feet or more. These would probably be tabular zones suitable for underground mining and shallow open-cuts.

2. The large geochemical anomaly south of the trenched zone should be investigated in more detail for indications of porphyry-type copper-molybdenum mineralization and should be supplemented by an Induced Polarization survey.

3. The following exploration is recommended:

   STAGE I

   3.1 Drilling - Four diamond drill holes of 300 feet length

under and between the better trench showings - total 1200 feet.

3.2 Detailed soil sampling with lines on grid north at 200-foot spacing; samples every 50 feet (say 600 samples).

3.3 Induced Polarization Survey on existing lines (Grid West) over an area 3000' x 3000'; say 6 line miles.

STAGE II - Diamond drilling as indicated by the results of Stage I.

COST ESTIMATE - Stage I

1.	Diamond Drilling		
	1200 feet B.Q. core drilling @ $18.00		$21,600
	Mobilization & Demobilization		4,000
			25,600
2.	Soil Sampling		
	Sampling: 600 @ $6.00	$3,600	
	Assay 600 @ $3.00	1,800	5,400
3.	Induced Polarization		
	6 line miles @ $800.00	$4,800	
	Mobilization & Demobilization	1,200	6,000
4.	Engineering & Supervision		3,000
			$40,000
5.	Contingencies		4,000
	TOTAL STAGE I		$44,000

Stage II

Contingent on results of Stage I

10,000 feet core drilling @ $20.00	$200,000

Respectfully submitted

L. S. Trenholme

L. S. TRENHOLME, P.Eng.

Vancouver, B. C.
September 20, 1979

L S. Trenholme
20-9-79