PROSPECTUS
NOV. 9, 1983.
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GEOLOGICAL REPORT

BLUE 1 - 38 MINERAL CLAIMS

WATSON LAKE, Y.T. MINING DISTRICT

For

Acorn Resources Ltd.
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By

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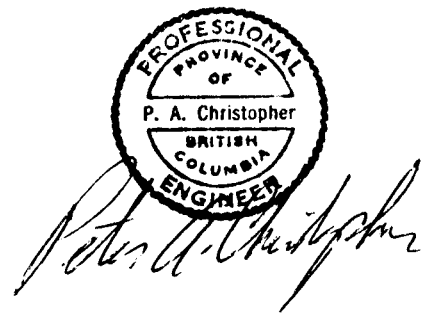

May 17, 1983

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BLUE 1 - 38 CLAIMS

SUMMARY

The Blue 1 - 38 claims under option to Acorn Resources Ltd. are situated near Rancheria, Yukon Territory, on the east flank of the Cassiar batholith. The batholith is in contact with sedimentary units of Cambrian to Upper Devonian age. Mineralization of lead, zinc and copper sulphides with silver and gold values occurs within several rock types in a variety of deposits on nearby claim groups. The important Midway exhalitive silver-lead-zinc deposit, currently being explored by Regional Resources Ltd. and partners is approximately 8 km distant. Most mineral deposits and showings nearby will be explored during the 1983 exploration season.

The writer feels that although no mineralization is known on the Blue claims at present, an excellent chance exists of finding mineralization on the property with a basic exploration program. A Stage I program of geological mapping, geochemistry, geophysics and trenching is recommended and a cost estimate of $75,000 is presented. If Stage I produces significant targets, Stage II and possibly Stage III diamond drilling programs will be warranted. A 1,500 feet (458 metre) Stage II diamond drilling program is estimated to cost $100,000 and a similar Stage III program is estimated to cost $100,000.

BLUE GEOLOGICAL REPORT CLAIM GROUP

INTRODUCTION

Discovery of the "Midway" silver-lead-zinc stratiform mineral deposit near Tootsee River in 1981 by Regional Resources has encouraged re-evaluation of several areas nearby with potential for lead-zinc-silver deposits in older rocks, such as the previously explored and developed "Amy" deposit held by Marbaco Resources Ltd. The Blue claims were acquired by Acorn Resources Ltd. to cover ground underlain by similar geology to that at the "Amy" deposit and at the YP claims nearby.

LOCATION AND ACCESS

The claims are situated eight miles (13 km) south of mile post 700 on the Alaska Highway seventy-five miles (120 km) west of Watson Lake, Yukon Territory. A gravel access road follows the south side of the Rancheria River from mile 706, and an extension of this road comes within 1 mile of the north end of the claims, adjacent to the YP prospect. Alternatively, in early spring or winter, when roads are muddy or snow covered, helicopters are available in Watson Lake (2/3 hour distant) and occasionally in Rancheria or Swift River (5 - 10 minutes flying time).

CLAIMS

Claims are listed below and are shown on the accompanying claim map as plotted by the Mining Recorder, Watson Lake, Y.T.

Name	Tag No.
Blue 1 - 8	YA 69608-15
Blue 9 - 16	YA 69728-35
Blue 17 - 32	YA 69826-41
Blue 33 - 38	YA 69842-47

Position of the claims has not been verified by the writer, but is believed to be true based on prospector's sketches and on claim maps prepared by the mining recorders office in Watson Lake.

REGIONAL GEOLOGY (Figure 3)

The area of interest is situated on the east flank of the Cassiar batholith which extends over 300 km southeasterly from Wolf Lake map sheet in the Yukon to the Kechika map area in British Columbia. In the Jennings River and Cassiar-McDame map areas and the south part of Wolf Lake area the eastern flank is underlain by Paleozoic rocks from Cambrian to Carboniferous in age and separable into two or more contrasting assesmblages, some of which are believed to be "allocthonous" (i.e., deposited elsewhere and moved into place along flat lying faults) (Gabrielse and Mansy, 1980).

Rocks are described by Poole (Map 10-1960) and by Gabrielse (GSC Paper 68-55, 1968); brief descriptions of the mapped units are summarized below:

Units 1 and 2: (Lower Cambrian)

Unit 1 consists of biotite schists, quartizite, marble and skarn, with areas of extensive sills, dykes and irregular bodies of pegmatites, particularly near the contact with the Cassiar batholith.

Unit 2 contains quartzite, slate and phyllite, quartz grit and fine pebble conglomerate. Adjacent to the batholith the rocks are hornfelsed.

Unit 3: (Lower Cambrian)

This unit, which is host to numerous lead-zinc-silver showings in the area, contains grey limestone, grey to green argillite and slate, and dolomite. The unit is converted to skarn adjacent to the batholith.

Unit 4: (Middle Cambrian to Silurian)

Slates, phyllites and limestone, buff to dark grey, with dolomite and dolomitic limestone partly converted to skarn forms a unit which is difficult to separate from units 2 and 3.

Unit 5: (Ordovician-Silurian)

This unit contains mainly quartzites, dolomitic siltstone and thin-bedded shale and limestone, and is probably equivalent to unit 4 in the adjacent Jennings River map sheet.

McDame Group - Unit 6:

The McDame Group, dark, fetid, dolomites and limestones with abundant fossil debris, forms a distinctive marker unit. Dolomite (intraformational?) breccia is common and white vuggy dolomite may represent reefoid accumulations of fossils, representing shoals in a shallow platform environment. Fossil evidence indicates that the McDame Group is Middle Devonian in age.

Lower Sylvester Group - Unit 7b:

According to Gabrielse (1968) "the contact of the McDame Group with the overlying Sylvester Group is almost invariably a fault." The lower part of the unit is fine-grained, black, locally graphitic slates and phyllites, with grey to black bedded and ribbon cherts. The upper part contains argillites, interbedded with sandstones, grit and conglomerate. Cherty, fine-grained limestone may be present near the top of the unit.

Several barite-silica "exhalite" horizons are present within the lower Sylvester Group in the vicinity of the "Midway" property. Stratigraphy in this area, within the Sylvester Group is described in detail by Hylands (1981), and is shown on the following page, with a diagrammatic stratigraphic section (Figure 4).

Upper Sylvester Group - Units 7a & 8:

Massive volcanic rocks, including flows, breccias, tuffs and agglomerates with aggregate thickness of over 1500 feet form Unit 7; with ultramafic bodies (Unit 8) cutting the volcanics. The volcanics include basalt, dacite and rhyolite flows and coarse-grained equivalent intrusive rocks are said to exist in the unit (Gordey, et al 1982). Most rocks are pervasively altered to "greenstones", making them appear massive.

Cassiar Batholith:

The northwesterly trending elongate Cassiar Batholith underlies the most rugged terrain in the map area. Much of the batholith consists of massive, homogeneous biotite quartz-monzonite, grey in color and medium to coarse grained in texture. Other varieties include muscovite quartz-monzonite, augen gneisses, and later pegmatitic dykes. Alteration and shearing are commonly associated features -- sericitization, chloritization and albitization are prevalent in some areas.

Other granitoid rock types occur in the Jennings River map sheet but are not within the scope of this report.

Dykes:

Greenstone dykes are common in the batholith and also within the adjacent Paleozoic rock units. Some of the dykes are known to be lamprophyres.

Structure:

The Sylvester "allocthon" is characterized by a broad, northwesterly-trending synclinal feature commonly referred to as the McDame Synclinorium. This feature parallels the contact of the Cassiar batholith in a general way but is modified by smaller scale folds conforming to embayments in the batholith, as is seen near the Marbaco property. Tight folding in Cambrian-Silurian rocks is present near Tootsee Lake. Strong northwest to northeast faulting has also affected the area, as is seen in the accompanying geological map (Figure 3). Most faults are steep, normal faults such as

the north-trending, easterly dipping fault cutting through the western portion of the Midway property. Faults are marked by depressions and green dykes, some of which are schistose, indicating continued movement.

Low angle faults, probably related to the hypothesized sole fault of the allocthon, are known to cut the Sylvester sequence in the vicinity of the Midway deposit (Hylands, 1981).

A strong shear zone trends northwest through the Cassiar batholith west of Tootsee Lake, and along this feature pervasive shearing and mylonization occurs over widths of 2 miles.

The Sylvester allocthon appears to pinch out in the vicinity of the Alaska Highway in Wolf Lake map area (Figure 3). Major faults mark the northern limit at Spencer Creek. South of Rancheria River, a broad area of Sylvester and McDame group rocks is thought to represent the same mineralized units as at the Midway and Marbaco properties.

MINERAL DEPOSITS IN THE AREA

The most significant development in mineral exploration in the southern Yukon and northern B. C. within the last few years has been the discovery of stratiform silver-lead-zinc mineralization within "exhalite" massive sulphide and silica/barite horizons in the lower portion of the Mississippian-Devonian Sylvester group.

The discovery, by Regional Resources Ltd. and partners Amax of Canada and Procan Exploration Ltd. has resulted in an extensive staking program and re-evaluation of geological data concerning mineral showings adjacent to the "Midway" property.

Several other silver-lead-zinc deposits not as yet of economic size or grade, occur in close proximity, in Cambrian to Middle Devonian strata, and also in high grade veins within the Cassiar Batholith. Several of these deposits are described briefly, following a description of the Midway property.

Vein mineralization occurring at the Silver Tip showing is discussed under a separate heading.

Midway Deposit:

The "Midway" deposit, staked by Regional Resources in 1980 and drilled in 1981 and 1982 was discovered as a result of careful exploration of the previously explored Silverknife (Silver Tip) silver-lead-zinc showing, following investigation of strongly anomalous silt sample results in the 1980 regional geochemical survey.

Six drill holes in 1981, totalling 853 meters indicated the presence of 3 mineralized zones dipping southeasterly at about 30 degrees. The lowermost zone observed only in drill core overlies the McDame limestone and varies from 1 to 1.5 meters thick and contains from 2.65 to 23.39% combined lead-zinc and from 1.25 to 22.59 oz/ton silver. This zone is locally absent and may grade laterally into siliceous, pyritic, exhalite. Four of the 6 holes encountered a "dry cavernous opening 15 cm to 150 cm wide" near the McDame-Sylvester contact.

The lower zone consists of weakly bedded to brecciated pyrite, galena, sphalerite and carbonate fragments in an argillaceous matrix.

The middle, or "Discovery" zone, found in outcrop, occurs about 70 meters stratigraphically above the lower zone, within argillite and sandstones.

This zone varies for 0.5m to 11.2 meters in thickness and ranges in grade from 4.56 to 13.36 percent combined Pb-Zn and 1.26 to 5.03 oz/ton silver.

The Upper Zone is about 10 - 20 meters above the Discovery zone, ranges in thickness from 0.40m to 3.17m in thickness and has combined lead-zinc grades ranging from 2.62% to 13.15% and silver grades.

Drilling of 18 additional holes in 1982 has proven 2.78 million tonnes (3.05 M. tons) averaging 13.3 oz/tonne silver, 12% zinc and 6.1% lead with minor but possibly economic quantities of tin, bismith, gold and copper. (Richardson, Greenshields, Canada Ltd. - research report). Composite samples from core from 8 holes averaged

0.023 oz/ton gold, 0.35% copper, and 0.14% tin. The deposit is now known to exist over an area 2,000 feet (600m) square through a geological section of 100 ft. (30m). Definition of the deposit is not complete.

The exhalite horizons can be traced for at least 14 km along strike on the southwest part of the property and similar horizons are seen 10 km to the northeast. On the northeast side of the property a barite exhalite 4 m-thick has been traced for 5 km in float and outcrop.

The mineralized horizons are believed to represent sulfide rich exhalations deposited on the floor of a rift-controlled basin up to 14 km wide (Hylands, 1981).

The showings respond well to standard geochemical soil and silt sampling techniques; the Discovery showing has a broad coincident Pb-Zn-Ag-Ba anomaly, and seven additional areas have coincident Pb-Zn-Ag anomalies. Airborne EM and magnetometer surveys were flown and ground EM and gravity surveys were done. Two pulse EM anomalies and one vector EM anomaly were verified by drilling.

An idealized stratigraphic section prepared by D. G. McIntyre from company plans is reproduced in Figure 3A and a stratigraphic section used by J. Hylands for the Midway property is reproduced in Figure 4.

Amy (Fosco) Showings:

The Amy deposit is situated approximately two miles north west of the north end of Tootsee Lake. The showings were discovered in 1948 and staked by Hudson Bay Exploration as the Gem Group. In 1949, 8 diamond drill holes were completed totalling 2935 feet, and seven deep trenches traced the mineralized zone for 550 feet with maximum width 7 feet in DDH - 2. The mineralization, galena, tetrahedrite, sphalerite, pyrrhotite and ankerite occurs as a replacement zone in limestone along a limestone-argillite contact and near the surface trace of the granite contact. The zone occupies a shear zone striking north 55-65 degrees west and dipping 60 degrees southwest.

Further work on the property in 1964 by Rancheria Mining Company consisted of soil surveys, magnetometer surveys and underground development.

In the underground workings, the vein in a 66 foot section averaged 5.9 feet wide and assayed 27.4 oz/ton silver, 7.5% zinc and 7.5% lead. Further drifting along the vein in 1965 disclosed a vein length of at least 419 feet. Additional bulldozer trenching on other geochemical anomalies disclosed other veins. Diamond drilling to test continuity consisted of 24 holes totalling 7500 feet.

The claims lapsed in 1969 and in 1970 the property was restaked by Fosco Mining Limited. Further underground work and drilling was done and a feasibility study was done by Dolmage, Campbell and Associates, who concluded that the deposit contained the following tonnages (diluted):

Category	Tons	Ag(oz/t)	Pb%	Zn%
Measured	11,400	17.10	3.74	6.26
Drill indicated	31,100	6.31	1.78	6.80
Geologically inferred	68,400	no grade assigned		
TOTAL:	110,900			

The consultants further stated that "A comparison between the grade of drill intercepts near the underground workings and assays from channel samples taken from the drift suggests that the estimated grade in the drill indicated category is probably low by an unknown but significant amount. The reserve estimate outlined in this report should not be considered as limiting the ultimate potential of the deposit".

Bench scale mill tests produced a concentrate acceptable to custom smelters. A detailed underground exploration program was recommended, but immediate production was not recommended at that time because of the weak price for silver ($1.29 to $2.57 per ounce).

In 1973, additional surface work was done, confirming sampling completed on the 4450 level, and a 1400 foot crosscut and 220 feet of drifting done on the 4200 feet level.

A second estimate or ore reserves was done by Chapman Wood and Griswold in 1974, who concluded that total ore reserves now were + 140000 tons as follows:

Category	Tons	Grade Ag(oz/t)	Pb%	Zn%
Measured	18,122	13.88	3.27	7.29
Drill indicated	61,727	9.76	2.70	5.63
Total	79,849	10.70	2.84	6.03
Inferred	59,326	no grade assigned		
TOTAL:	140,000			

The claims were acquired by Marbaco Mines Ltd. in 1980 along with adjacent claims owned by D. Schellenberg. Marbaco performed geochemical surveys and trenching which indicated additional zones could be present.

At present metal prices ($15/oz Ag, 28¢/lb Pb, 49¢/lb Zn), gross metal value per ton of ore (1974 reserve data) is $235.50. (The estimated grade of drill indicated reserves is probably still low compared with measured reserves, as in the 1971 calculations). Few recent assay exist for gold but several samples taken from 1949 to 1967 contain 0.01 to 0.02 oz/ton.

Prospects are considered encouraging for discovery of additional mineralized zones at this property.

Some similarities exist between the Amy deposit and the lower most "exhalite" zone at the Midway deposit:

1) Both deposits occur near limestone - phyllite contacts.

2) Solution caves are found adjacent to both deposits.

3) Mineralogy and reserve grades are similar.

4) Mineralization is parallel with bedding in both deposits.

The Amy deposit is described in most reports as a strike fault system with characteristics of quartz-siderite-sulphide replacement of limestone in a Shear zone. However, the possibility exists that the deposit represents a remobilized stratiform exhalite deposit, with potential for augmentation of reserves along strike and dip.

Silver Tip Showing (Midway Property)

The Silver Tip showing, a vein or replacement deposit, is situated three miles northeast of Tootsee Lake. Extensive work was done on the property from 1956 to 1968 by several large companies including Conwest, Canex, Noranda, Bralorne Mines and Peerless Oil and Gas. It now forms part of the Midway property of Regional Resources and partners.

The area is underlain by thick-bedded McDame limestone of Devonian age, overlain by Mississippian-Devonian Sylvester Group phyllites. Gossan zones and galena float are found in several zones trending north-easterly. The largest gossan zone, No. 2, ranges from 15 to 65 feet wide and is 700 feet long and was reported to average 5.7 oz/ton silver, 6.2% lead and 2.9% zinc. Individual pieces of galena from the zone assay about 150 oz/ton silver and 70% lead (BCMM Ann. Report 1968, p. 25-33). The same zone intersected in several drill holes consisted of "frozen mineralized gossan". No. 4 zone, intersected in the upper adit was sampled over 38 feet by taking muck from 175 cars, the average was 13.84 oz/ton silver, and 15.4% lead. The average of the channel samples along 40 feet in the west drift was over five feet, 0.02 oz/ton gold, 12.0 oz/ton silver, and 14.5% lead. The same zone, intersected in the lower adit, approximately 650 feet down the dip of the fault zone, is almost completely oxidized and resembles "soft brown sugar". This almost completely leached material assays 0.2 oz/ton silver, 0.1% lead and 4.5% zinc.

Mineralized zones such as the above are localized on strong faults and fractures in the McDame limestone, along the crest of an anticline and appear to be almost completely oxidized to depths exceeding 600 feet from the surface. Apart from the gossan zones, considerable pyrite with minor sphalerite and galena occurs in the holes drilled in the phyllite, (presumably Sylvester Group), and minor galena and sphalerite occur in quartz

and calcite veins and in limestone. To the writer's knowledge, fresh vein material from which the gossans resulted has not been seen on the property.

This vein-replacement deposit, as yet untested by Regional Resources has strong similarities to the Amy deposit of Marbaco Resources. Mineralogy and grades are similar and probably origin by replacement along fault zones in limy horizons seems almost certain. Considering the presence of mineralization over a vertical range of over 650 feet and 5 foot mining width, the eventual development of economic reserves on this portion of the property seems certain.

YP Property:

The YP property, adjacent to the Flo and Lydia claims, situated 4 km south of mile 701 on the Alaska Highway, owned by Flame Petro Minerals Ltd. and currently being explored by Butler Mountain Resources Ltd., has several oxidized vein or replacement zones in limestone of unknown, but probable Cambrian age. Some solid galena was hand-cobbed and shipped from the property in the 1960's. Several large gossan zones, with residual argentiferous galena, are thought to represent oxidized replacement zones of galena-tetrahedrite-sphalerite and other sulphides in siderite gangue, comparable with zones present on the Silver Tip showing of the Midway property. Geochemical surveys, geologic mapping, trenching and drilling were recommended by B.J. Price in 1980. The property was reviewed in 1982 by Glen E. White, P.Eng., who suggested pulse EM surveys in addition to geology and geochemistry, with a 2-stage program with $40,000 expenditure in Stage I and $110,000 in Stage II (drilling).

The program is expected to proceed in 1983.

A + B Claims:

The A + B deposit, is situated 6 km north of the Alaska Highway, is owned by Delphi Resources Ltd. and was explored by SEREM Ltd. Strongly folded limestone and phyllites of Cambrian or Devonian age are host to stratiform massive zinc-lead-silver zones, highly irregular in shape. The best intersection to date has been in hole 3 (1962) drilled by Scurry Rainbow Oils Ltd.: 39 feet of 1.66 oz/ton silver, 1.47% lead and 8.32% zinc, Cross cutting quartz calcite veins have significant scheelite content.

Sue Claims:

The Sue claims, 5 km south of the Lydia claims, were originally explored by Dupont of Canada Exploration as the JCS 1 and 2 claims. Although most attention was paid to molybdenum/tungsten mineralization at the contact of the Cassiar batholith with skarnifield Kechika Group rocks, lead-zinc-silver mineralization was noted in a quartzite breccia. The breccia is briefly described by Eccles (1980) as a possible pipe. One sample from the breccia assayed over 10 oz/ton silver.

Noranda Claims:

Silver-lead-zinc mineralization is also present on the Root, Toot, Boot, Loot and Road claims, north and west of Tootsee River. Mineralization is present in quartz veins within the Cassiar batholith, but is also present in carbonate breccias. Strong lead-zinc geochemical anomalies may be associated with lamprophyric dykes, a relationship also seen on the Ag claims.

Bear and Ag Claims:

The Bear claims were staked by Douglas Schellenberg in 1978 and explored by Dupont Exploration in 1979. The Ag 1 and 2 claims were also staked by Schellenberg, in 1982. The claims are situated 2 km west of the Marbaco silver-lead-zinc deposit and are surrounded by the Fly Claims.

The only record of work done on the Bear and Ag claims is contained in an unpublished report by K.L. Eccles in 1979. Work done by Dupont included line cutting from three well-cut baselines, geological mapping, trenching and soil sampling. A total of 585 samples were collected and analyzed for molybdenum, tungsten, lead, zinc and silver. The samples outlined several molybdenum-tungsten targets and one main lead-zinc-silver anomaly. Trenching of Mo-W anomalies revealed 2 stratiform skarn bodies up to 1 meter wide and 10 meters apart. Although mineralized with scheelite, molybdenite, powellite and galena, the showings are considered uneconomic.

Trenching in the Pb-Zn-Ag anomaly revealed a narrow high-grade vein in limestone mineralized with galena, sphalerite and ruby silver (pyrargyrite), spatially associated

with a dark green, possibly lamprophyric dyke. Assays from its occurrence (selected) are as follows:

No.	Pb%	Zn%	Ag (oz/ton)
2080	0.53	27.50	3.81
2081	56	3.18	28.00
2082	19.95	7.15	11.30

Schellenberg (1983 - personal communication) suggests that the mineralization may be stratiform and may extend outward from the Ag claims into the Fly claims.

Klondyke Silver:

Numerous silver-lead-zinc veins occur near Freer Creek, approximately 2 km north of the Fly Claims. On the Luck prospect, between 3,500 and 4,000 feet elevation on the Creek, argentiferous galena, sphalerite and chalcopyrite are found in quartz veins in the Cassiar batholith quartz monzonite. The veins are associated with a lamprophyre dyke, and are outlined by EM-16 surveys and geochemical soil sampling. Hand cobbed material was shipped from one of the occurrences on the IDA property in 1970. A 25 ton shipment assayed 80 oz/ton silver, 56% lead, 5% zinc and 0.6% copper (Report by D. Parent, 1973).

The veins are presently being explored by K. O'Connor who plans to start an exploration and development program, in 1983 (G. Cross Newsletter).

The Klondyke silver claims were purchased for 2.5 million dollars and 150,000 escrowed shares in a new public company. Mr. O'Connor reports that of 5 well developed showings, one has been recommended for immediate production at a rate of 100 tons per day, and that 40,000 tons of high grade ore occur in one of the showings (George Cross Newletter, No. 43, March 3, 1983).

Previous exploration by Yucol Mines Ltd. and Cone Mountain Mines Ltd. from 1970 to 1974 (Assessment Reports 3843, 3844, 4663, 5095) indicate that the veins may be traced by electromagnetic, magnetic, and geochemical methods (lead and silver in soils).

Lola Group

The Lola Group of claims, now owned by Butler Mountain Resources Ltd., are situated between the centre and east branches of Freer Creek in the Yukon Territory, 2 km north of the Luck claims (K. O'Connor) and 4 km north of the Ban claims.

Quartz veins are located along a north-east trending shear zone characterized by kaolinized gouge. Showings occur over a length of 400 meters with individual showings up to 2.3 meters wide. Mineralization consists of galena and sphalerite with argentite and ruby silver in gangue of quartz and chlorite.

In 1968, a shipment of 9 tons averaged 103 oz/ton silver and 56% lead. In 1970, 22 tons were shipped and additional tonnage was mined but not shipped in 1981. An adit driven on the shear zone is confined to the footwall and probably does not expose any mineralization, which is confined to the hangingwall of the shear.

Exploration by VLF-EM methods outlined a conductor corresponding with the shear zone and a diamond drill hole in 1982 intersected mineralization from 200 to 210 feet which assayed 0.01 oz/ton gold, 5.83 oz/ton silver and 7% combined lead and zinc.

DISCUSSION OF THE BLUE CLAIM

The writer has not visited the Blue claims due to snow conditions at the present time and must base his recommendations on his experience on other prospects in the area, which have similar structural and stratigraphic settings on the margin of the Cassiar batholith.

No mineral showings are known on the property at present, but there are a large number of lead-zinc-silver replacement deposits and stratigraphically controlled "exhalite" deposits within sediments of Cambrian to Upper Devonian age and veins in the Cassiar batholith within a 15 km radius. In most cases these deposits respond well to normal geochemical, geophysical and prospecting techniques. The Blue claims are well situated with respect to known mineralization on adjacent ground and the writer considers that there is a reasonable chance that, using a standard exploration program, similar mineralization could be found.

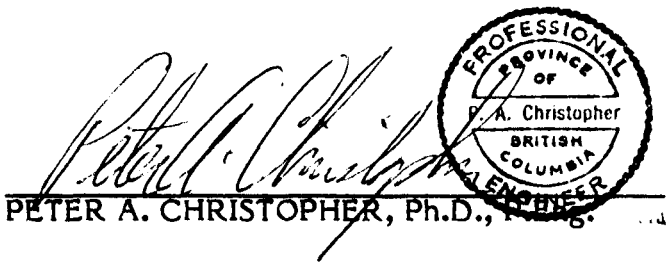
CONCLUSIONS

An initial prospecting and exploration program including geological mapping, geochemical sampling, magnetometer and electromagnetic surveys with subsequent trenching is warranted. Follow-up diamond drilling programs are contingent upon location of significant anomalies or mineral showings during Stage I. An independent engineer's recommendation for the Stage II and Stage III drilling programs should be obtained.

RECOMMENDATIONS

A program of geological mapping (scale 1:5,000), prospecting, geochemical rock, silt and soil sampling, magnetometer and electromagnetic surveys should be undertaken in the early part of the 1983 field season. Geochemical samples should be analyzed for silver, lead, zinc and arsenic, with the anomalous samples re-analyzed for gold, bismuth and tin. Anomalous areas should be tested by bulldozer trenching or blasting and hand trenching.

If significant anomalies are found during Stage I, a Stage II and possibly Stage III drilling tests will be warranted. Each 1,500 feet (458 metre) drill test is estimated to cost $100,000. Stages II and III may be run concurrently if justified by the initial results.



PETER A. CHRISTOPHER, Ph.D., P.Eng.

RECOMMENDED BUDGET

Stage I: Geological, Geochemical, Geophysical

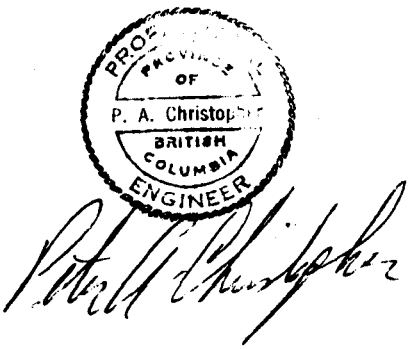
Personnel		
Geologist/Manager	20 days @ $300 each	$ 6,000
Assistant/Prospector	20 days @ $150 each	3,000
Helper/Sampler	20 days @ $100 each	2,000
Cook/Helper	20 days @ $100 each	2,000
Geological Consulting	5 days @ $350	1,750
Transportation		
Mobilization/demob		3,000
Truck Rental (2)	30 days @ $100 each	3,000
Helicopter	6 hours @ $500 each	3,000
Shipping		500
Room and Board	100 man days @ $50 each	5,000
Camp Materials		2,000
Expendables (flagging, top chain, soil and rock bags, etc.)		1,000
Cat (Trenching and Road Building)		5,000
Geochemical Analyses		
800 silt or soil sample	@ $15 each	12,000
70 assays	@ $35 each	2,450
Base Map Preparation		450
Report Preparation (drafting, typing, copies, etc.)		1,750
Report Writing and Consulting	6 days $350	2,100
	TOTAL	65,000
	Contingency	10,000
	STAGE I TOTAL	$ 75,000

Stage II: Diamond Drilling (Contingent)

Geological, Engineering, Diamond Drilling, Road Building, Drillsite Preparation 1,500 feet (456 m) 3 holes All inclusive	$ 100,000
STAGE II TOTAL	$ 100,000

Stage III Diamond Drilling (Contingent)

Engineering, Diamond Drilling, Drillsite Preparation 1,500 feet (458 m) 3 holes All inclusive	$ 100,000
STAGE III TOTAL	$ 100,000
TOTAL STAGES I, II and III	$ 275,000



CERTIFICATE

I, Peter A. Christopher, with business address at 3707 West 34th Avenue, Vancouver, British Columbia, do hereby certify that:

1) I am a consulting geological engineer registered with the Association of Professional Engineers of British Columbia since 1976.

2) I am a Fellow of the Geological Association of Canada and a member of the Society of Economic Geologists.

3) I hold a B.Sc. (1966) from the State University of New York at Fredonia, a M.A. (1968) from Dartmouth College and a Ph.D. (1973) from the University of British Columbia.

4) I have been practising my profession as a Geologist for over 15 years.

5) I have no direct or indirect interest, nor do I expect to receive any interest directly or indirectly in the property or securities of Acorn Resources Ltd.

6) I have based this report on all available geological data on the property and adjacent mineral deposits.

7) I consent to the use of the report by Acorn Resources Ltd. for whatever purposes it deems necessary.

PETER A. CHRISTOPHER, Ph.D., P.Eng.

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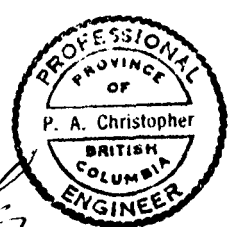
Acorn Resources Ltd.
#206 - 475 Howe Street
Vancouver, B.C.

Dear Sirs:

I, Peter A. Christopher, Ph.D., P.Eng., hereby consent to the use of my report dated May 17, 1983 on the Blue Claims, Watson Lake Mining District, Yukon Territory, in any Filing Statement, Statement of Material Facts or Prospectus to be issued by Acorn Resources Ltd.

DATED at Vancouver, British Columbia, this 17th day of May, 1983.



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September 2, 1983

Acorn Resources Ltd.
#206 - 475 Howe Street
Vancouver, B.C.

Dear Sirs:

Re: Field Examination of the Blue Property, Watson Lake Mining District, Yukon Territory. Supplement to May 17, 1983 Report by Peter A. Christopher, Ph.D., P.Eng.

On September 1, 1983 the writer examined parts of the Blue claim area for Acorn Resources Ltd. The examination was conducted at the request of Mr. Marshall Bertram, President of Acorn Resources Ltd. The purpose of the examination was to confirm the location of claim posts that establish the Blue Claims and to confirm that the basic program recommended in the writer's May, 1983 report is warranted and is possible to conduct using the recommended budget. Both objectives of the examination have been met.

Initial and final posts for Blue 27 through 32 were examined and found to comply with the Mineral Act for the Yukon Territory. Metal tags have been affixed to claim posts, lines improved and posts covered with plastic since the initial staking.

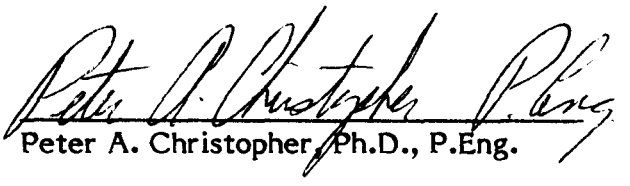
The claim area is situated adjacent to the Jantar Resources Corporation Lydia-Flo Claims and a large block of claims held by Butler Mtn. Resources Ltd. with active exploration programs presently being conducted on both properties. The writer has also completed the initial program on the Tom Claims and examined the adjoining Star and Moon claims. The Blue Claims are mainly above tree line and south of the Lydia-Flo, Idaho and YP claims. A camp at the junction of the Tootsee Lake Road and access road for the above claims could be used for the Stage I program without requiring winterization till about mid-October. Since elevations on the property are generally above 4500 feet (1363 m), a camp on the property would require winterization that is not justified for a basic program.

The writer feels that the basic Stage I program recommended in his May, 1983 report is justified and should proceed as soon as possible to avoid added expense caused by early fall snow storms. Since a large part of the claim area is overburden covered, prospecting, geochemical and geophysical surveys should be completed and the results used by the consulting engineer and project geologist to define areas for cat trenching. Silt samples should be collected at about 500 metre intervals on all creeks and soil samples collected to 50 metre intervals along claim lines and intermediate lines spaced at 250 metre intervals. By analysing sample for Pb, Zn and Ag and retaining pulps for possible future analyses sample can be collected from about 2000 sites without increasing the analytical costs during Stage I.

I Peter A. Christopher, Ph.D., P.Eng., hereby consent to the use of this report dated September 2, 1983 in any Filing Statement, Statement of Material Facts or Prospectus to be issued by Acorn Resources Ltd.

Dated this 2nd day of September, 1983.

Respectfully submitted,



Peter A. Christopher, Ph.D., P.Eng.