

PRIZE MINING CORPORATION

ATLIN GOLD PROJECT,
ATLIN, BRITISH COLUMBIA

PINE CREEK DIVERSION AS-BUILT REPORT

FINAL

PROJECT NO: 0450-001-03
DATE: MARCH 21, 2007

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March 21, 2007-03-22

Project No. 0450-001-03

Mr. A.J.H. McGucken
President – Prize Mining Corporation
Lancaster Building
Suite 707, 304-8th Ave., SW
Calgary, Alberta
T2P 1C2

Dear Mr. McGucken,

RE: ATLIN GOLD PROJECT – PINE CREEK DIVERSION – AS BUILT REPORT

Please find the attached copy of our above referenced as-built report on the diversion of Pine Creek as part of the Atlin Gold Project. This report describes the work carried out to divert Pine Creek from the South side of the floodplain to the north side.

If you have any questions or comments, please do not hesitate to contact the undersigned or Gerry Papini.

Yours truly,

BGC ENGINEERING INC.

per: _____

A handwritten signature in blue ink that reads "Gerry Ferris". The signature is written in a cursive, flowing style.

Gerry Ferris, M.Sc., P.Eng.
Geotechnical Engineer

GWF/sf

EXECUTIVE SUMMARY

As part of Prize's development of the Atlin Gold project near Atlin, BC, a 130 m (long) by 70 m (wide) excavation is planned. The excavation will extend through surficial placer material to expose the upper bedrock surface. The purpose of this excavation is to allow the mapping of the bedrock and for collection of a bedrock bulk sample from the Yellow Jacket Zone. Prior to the diversion, Pine Creek flowed through the location of the planned excavation.

Pine Creek flows from Surprise Lake to Atlin Lake, a distance of 14 km over which the water elevation drops from 912 m to 671 m. The mean annual discharge of Pine Creek through the study area is 4.6 m³/s. In typical years the flow rate in Pine Creek varies from about 1.5 m³/s to 12 m³/s. The excavation in the Yellow Jacket Zone is located approximately 7.5 km downstream from Surprise Lake, within the area which has been extensively disturbed by past Placer Mining activities.

Placer Gold was discovered within the Pine Creek valley in 1897, resulting in extensive Placer Mining of the area. The main section of extensive placer mining on Pine Creek extends from 6.5 km downstream from Surprise Lake to 10 km downstream of Surprise Lake, a distance of 3.5 km. Pine Creek has been diverted historically as part of past placer mining activities.

As part of the Atlin Gold Project, Pine Creek was diverted at the upper limit of the Placer Mining disturbance so that it maintains its position on the north side of the valley for approximately half the length of its travel through the placer deposits. The length of the diversion channel is approximately 1.9 km. The design flood for the diversion channel was 21 m³/sec, which is estimated to have a return period of 10 years.

The diversion channel was constructed in accordance with the design intent outlined in the 2006 design document and the construction drawings. A review of the diversion channel and other elements during the first spring freshet of operation is proposed to ensure that the performance is as expected.

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LIMITATIONS OF REPORT

BGC Engineering Inc. (BGC) prepared this report for the account of Prize Mining Corporation. The material in it reflects the judgement of BGC staff in light of the information available to BGC at the time of report preparation. Any use which a third party makes of this report, or any reliance on decisions to be based on it are the responsibility of such third parties. BGC accepts no responsibility for damages, if any, suffered by any third party as a result of decisions made or actions based on this report.

As a mutual protection to our client, the public, and ourselves, all reports and drawings are submitted for the confidential information of our client for a specific project. Authorization for any use and/or publication of this report or any data, statements, conclusions or abstracts from or regarding our reports and drawings, through any form of print or electronic media, including without limitation, posting or reproduction of same on any website, is reserved pending BGC's written approval.

1.0 INTRODUCTION

Prize Mining Corporation (Prize) is developing the Atlin Gold Project located in Northwest British Columbia, approximately 10 km east of Atlin, BC, as illustrated in Figure 1.

The Atlin Gold Project has entered an advanced stage exploration phase. This advanced exploration phase consists of the collection and processing of a 10,000 tonne bulk sample. This bulk sample collection work will allow for the detailed mapping of the exposed bedrock surface and processing in order to evaluate the “nugget effect” of the ore. The proposed location for the bulk sample collection was directly within the Pine Creek channel, as shown on Figures 2 and 3. Thus the creek was diverted to allow access to the former creek channel location. Prize is planning to continue work at the property in 2007. This work will include the collecting and processing the bulk sample.

Prize retained BGC Engineering Inc. (BGC) to undertake the design for the diversion of Pine Creek. The design was completed in July 2006 (BGC 2006) and submitted for approval by the Regulating Authorities. Prize selected Ruby Gold Limited (Ruby Gold) of Atlin, B.C. to perform the construction works. A bid was prepared by Ruby Gold to perform this construction on a time and material basis. The bid for the diversion work was based on the technical specifications and construction drawings (a copy is included in Appendix A). The diversion of Pine Creek was carried out between September and November 2006. The construction was completed by Ruby Gold (the contractor) under the full time supervision of Mr. Jim Wallis, P.Eng. a contract employee of Prize.

BGC was retained to provide intermittent review of the construction progress, provide advice during construction to ensure that it was progressing in accordance with the design and to prepare the as-built report. The information presented in this report documents the construction activity related to the diversion of Pine Creek as well as the as-built information related to the construction works.

2.0 DESIGN BACKGROUND

The design of the diversion channel was partly based on the premise that the diversion channel should mimic the characteristics of the existing channel. Pine Creek has been severely impacted by mining activities at the study site and the creek is continually shifting its banks due to a lack of vegetation and abundant bed load supply. The existing channel was noted to be between 10 and 12 m wide (Photograph 1 on Figure 4), and had numerous much wider, slow water sections due to previous placer mining activities (Figure 2 and Photograph 2 on Figure 4). The design channel criteria were:

- Channel with a 12 m wide base and trapezoidal section,
- 2H:1V sideslopes, and
- Minimum 1.5 m section height.

These design values were selected based on consideration both the existing channel dimensions and routing of the design flood. The design flood selected for the Pine Creek diversion channel was the 10-year return period flood, or 21 m³/s (BGC 2006). Routing the design flood through (assuming a local channel gradient of 0.9%, 2H:1V side slopes, and a Manning's roughness of 0.035 to 0.04 results) a 10 m wide channel gives a flow velocity of 2.6 m/s with a 0.3 m freeboard allowance in the 1.5 m high section. In order to have additional contingency and allow some variation, the base width of the channel was selected as 12 m.

A berm was required on the upstream limit of the diversion to direct water from the existing channel into the diversion channel. Additionally, there were a few locations that the spoil taken from the diversion channel needed to form a containment structure. This was needed in locations where the existing topography was not 1.5 m above the base of the channel.

Rip rap was placed at key locations, both on the sides of the channel and in the base of the channel to control erosion.

Following the completion of the design report, the project was submitted to the Regulating Authorities. Prior to commencing the work, the following permits were obtained

- Permit MX-1-611, from Ministry of Energy, Mines and Petroleum Resources.
- Permit A600949 from Ministry of Environment.

The construction drawings and technical specifications are included in Appendix A.

3.0 CONSTRUCTION/ADMINISTRATION PERSONNEL

3.1 Prize Mining

The general overview of the project was under the joint direction of Mr. Harry McGucken/ Ms. Linda Dandy/Mr. Jim Wallis, P.Eng.

Mr. Wallis acted as the resident engineer and was on site full time. He was responsible for the on going construction of the project and checking progress against the construction drawings and technical specifications. Progress payments during construction were prepared daily by Ruby Gold and reviewed by Mr. Wallis. A summary of the equipment hours used to complete this project is included in Appendix B1. Additionally, Mr. Wallis performed construction layout survey and checks throughout construction to check against the design lines and grades. Ms. Dandy was on site on a part time basis and collected some of the water quality samples following the diversion of Pine Creek into the newly constructed channel.

3.2 Ruby Gold Limited

Ruby Gold completed the construction of the project using the equipment listed below. Between 18 September and 5 November, 2006 a dayshift was employed by Ruby Gold. A nightshift was utilized between 15 to 31 October. Mr. Wayne Klippert was the field superintendent. Total working hours for the bulldozers and loader were approximately 950 hours, the excavators put in approximately 1,000 hours and the rock trucks about 700 hours.

The equipment utilized included:

- 2 dozers - Caterpillar D8, Komatsu D355A,
- 1 rubber wheel loader - Caterpillar 966C
- 3 rock trucks - two Caterpillar 769, and a Wabco truck.
- 3 excavators – Caterpillar 245 and 345C, and John Deere 590D.

3.3 Engineering Personnel

BGC Engineering Inc.

Mr. Gerry Ferris, P.Eng. was onsite during the following periods; September 25 to 27, 2006, October 11 to 12, 2006, and October 31 to November 4, 2006. During each of the site visits, Mr. Ferris checked the progress of construction, reviewed the details to ensure that the construction was being completed in accordance with design. Any deficiencies in the construction were discussed with Mr. Wallis during the site visit. During the last site visit, Mr. Ferris created a list of minor deficiencies that were rectified prior to the excavation of the final section of the channel (which allowed water to flow in the new diversion) and construction of the upstream diversion berm.

Mr. Ferris collected water samples from Pine Creek (upstream and downstream of the diversion) both prior to and following the diversion of water into the new channel.

Yukon Engineering Services

Survey personnel were provided by Yukon Engineering Services (YES) of Whitehorse, YT. YES collected the information to develop the original ground digital terrain model and laid out construction stations every 50 m to provide horizontal and vertical (elevation) controls. Following completion of the construction YES performed the as built survey of the new channel. The as-built survey was completed in two parts, the first at the end of October 2006 and the second in February 2007. The first stage of the survey was completed prior to Mr. Ferris's last trip to the site and was completed from within the dry channel. As noted above the channel construction was not completed until later in early November, thus a second survey of the channel was completed in February 2007 to collect the missing data. A thick snow cover covered the site during the February work and could not be completed to the same level of detail.

4.0 CONSTRUCTION PROCEDURES

4.1 General

This as-built report describes the construction activities that were performed between September and November 2006 by Ruby Gold. The construction activities completed during this period included; excavation of a channel on the north side of the Pine Creek Valley, diversion of Pine Creek into the new channel and placement of rip rap in key areas of the channel. The total volume excavated to complete the construction of this project was 105,000 m³.

During construction the following survey activities (performed by Mr. Wallis) and water quality testing was performed:

- Construction layout staking was performed on a two or three day cycle. The survey was based on the stationing stakes installed by YES.
- Base of channel width and elevation checks on a two or three day cycle.
- Water quality sampling, Turbidity and Total Suspended Solids (TSS) testing.

4.2 Weather

A summary of the weather conditions during the construction period, taken from Environment Canada's Atlin Weather station are included in Appendix B1. In summary the weather during the construction period consisted of:

- An average temperature in September of 9.8°C with 14.2 mm of rain.
- An average temperature in October of 3.3°C with 32.2 mm of rain and 3.0 cm of snow.
- An average temperature in November of -15.7°C with 23.6 cm of snowfall.

4.3 Construction Equipment

The majority of the construction equipment was mobilized to the site during the week of September 18, 2006. The Caterpillar 345C excavator was brought to site later during the week of October 2, 2006. The use of the equipment varied throughout the construction. Occasionally the excavation was completed using only the two dozers. Other times the excavation proceeded using excavators, trucks with dozer support in the spoil area.

Ruby Gold completed the project mostly using a 10 hour long dayshifts. During a 16 day period a 10 hour nightshift was also employed. A summary of the equipment hours is included in appendix B1.

4.4 Construction Details

The following describes the construction sequence:

1. Bulk excavation of the channel section (Figure 5, Photos 3 and 4). The excavation was mostly completed through fine grained till (likely disturbed by past mining activity) or placer tailings material. Occasionally the excavation encountered fine tailings (Figure 6, Photo 5) and bedrock (Figure 6, Photo 6).
2. Following bulk excavation the sides of the channel were trimmed to the final slopes (Figure 7, photos 7 and 8).
3. Construction of containment berms (Figure 8, Photo 9).
4. Placement of rip rap on the containment berms (Figure 8, Photo 10).
5. Placement of rip rap on the base of the channel in key locations (Figure 9, Photo 11) and on the banks of the channel (Figure 9, Photo 12).
6. Construction of upstream diversion berm and excavation of the final portion of the channel (Figure 10, Photos 13 and 14).

This construction involved the excavation of 105,000 m³ of material to form the new channel. The final section of channel excavation was completed on November 5, 2006. Photographs of the channel following completion of the final channel excavation, once Pine Creek began to flow through it are provided in Figure 11. During construction a number of minor changes were made to the original alignment, these changes and the reasons for the changes are summarized below:

- Between Station 0+300 and 0+550 the centerline was shifted to the north to reduce construction volume.
- Between Station 1+100 and 1+500 the centerline was shifted to the south due to encountering bedrock and fine grained soil on the original alignment.
- The channel was lengthened and the outlet shifted about 30 m downstream. This changed the alignment to the north between Station 1+500 to 1+800. This change was undertaken to lower the water levels in the old channel (reducing dewatering requirements) and due to encountering bedrock on the channel near Station 1+700.
- Between 1+400 and 1+600 bedrock was encountered in the base of the channel. The base of the channel was raised in this area, necessitating an increase in the crest elevation of the containment berms.

Temperatures were freezing near the end of the construction period which meant that some fill placement occurred during freezing conditions with no special measures taken to place this fill. This implies some settlement will occur in the next spring. The performance of the channel and the associated fill structures will be monitored in the spring of 2007 and repairs completed on an as needed basis. BGC understands that Prize Mining will have equipment available for this work throughout the majority of the spring and summer of 2007 that can be used to complete any work required.

4.5 Water Quality Monitoring

Figures 12 – 15 summarize the Turbidity and TSS testing of Pine Creek during the fall 2006 and winter 2007. Results of the TSS testing are shown on Figure 12 for the entire monitoring period. The results show results upstream and downstream of the new channel. The upstream data consists of data from PC-1 (provided by Lorax) as well as a sampling point immediately upstream of the diversion berm. The downstream data consists of data from PC-3 (provided by Lorax) as well as test results from other downstream locations (near station 1+850 and the half way bridge).

A significant spike in TSS was noticed late June, during spring runoff. The frequency of testing was increased during construction and especially around the completion of the diversion (November 3). As expected, a significant increase in TSS was recorded during the first days of water flow in the diversion (Figure 13), however, two days after the flow began in the new channel (November 5) the TSS concentrations were similar to before this activity. Figures 14 and 15 show similar results for Turbidity.

A summary table which contains the tabulated results of the TSS and Turbidity sampling is included in Appendix B1. Copies of the laboratory analysis conducted by ALS Environmental are attached in Appendix B2.

4.6 Fish Salvage

Following the completion of the diversion of Pine Creek a fish salvage operation was conducted to move any fish stranded in the old channel to the new channel. This fish salvage was contracted to the Atlin Taku Development Corp. During this salvage numerous small slimy Sculpins and one immature Greyling were encountered and moved. Some photos taken of this fish salvage are included in Appendix B3.

5.0 AS-BUILT DRAWINGS

Seven as-built drawings, based on survey information provided by YES, are presented in Appendix C.

6.0 POST-CONSTRUCTION MONITORING

Currently, water quality sampling is being performed once per month for Prize Mining. Four sampling locations are being monitored; PC-1, upstream of the historic placer workings, PC-2, within the placer workings, PC-3, downstream of the placer workings and, PC-5, where the Pine Creek enters the Atlin Lake. This sampling and laboratory testing program will be continued for at least one year following the completion of the diversion.

In addition to this sampling program, a supplementary program that monitors only TSS and Turbidity is envisioned during the first freshet. Samples will be collected from PC-2 (located downstream of the lower end of the diversion) and tested once per week. During the first freshet additional samples will be collected for TSS and turbidity testing such that results are available weekly.

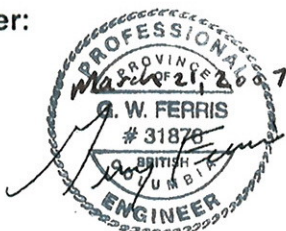
Due to the freezing conditions near the end of the construction period some settlement can be expected following spring thaw. The channel works will be inspected during the spring by an engineer to ensure that the channel and associated berms are performing as expected.

7.0 CLOSURE

This report contains the as-built construction alignment and activities of the Pine Creek diversion in the vicinity of the proposed excavation for the Atlin Gold Project. If you have any questions or comments about this information, please do not hesitate to contact us.

BGC ENGINEERING INC.

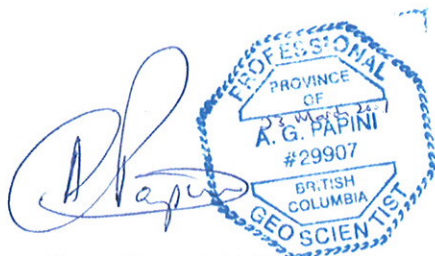
Per:



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Gerry Papini, M.Sc., P. Geo.
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REFERENCES

BGC Engineering Inc. 2006 Pine Creek Diversion. Report prepared for Prize Mining Corporation dated July 7, 2006

FIGURES

APPENDIX A

Contract Documents

APPENDIX A1

Construction Drawings

APPENDIX A2

Technical Specifications

APPENDIX B

Construction Activities

APPENDIX B1

Construction Related Summaries

APPENDIX B2

Laboratory Certificates

APPENDIX B3

Fish Salvage

APPENDIX C

As Built Drawings