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## Prospecting & Beep Mat Surveys

Prepared by

Alan Kon

For: Cabo Mining Enterprises Corp.

June 06, 2006



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## **Location and Access**

The area included in this report is known as the Anomaly Grid. It is located within claim # 1231084 and covers parts of the southeast corner of Block 3 and the southwest corner of Block 2, Gillies Limit North Township, Ontario Canada. This claim is part of a large claim group in the Cobalt area that is owned or held under option by Cabo Mining Enterprises Corp.

The Anomaly Grid is 400m west of Giroux Lake and Hound Chutes Road and 1.7 km south west of the old Waldman Mine head-frame. Bass Lake is 850m west of Line 1000w. A very large swampy, wet area, which is known locally as the Finlander's farm or flats, is to the immediate southeast. The nearest town is Cobalt Ontario, which is approximately 4 km to the north.

Access to this property is limited to walking traffic only at this time. Two small streams on the east side and one larger stream on the west side block access into the grid with motorized vehicles.

## **History**

Several past producing silver mines are located within close proximity of the grid. These include: Waldman 50 000+ oz Ag, Silver Summit 3 000 000 + oz Ag, Mensilvo Mines 25 000+ oz Ag and several smaller past producing mines.

Prior historical data on this property is very limited. Mostly due to its access and location. As mentioned before, the grid lies within the Gillies Township and earlier in the 1900's and timber limit was enforced in that township. This may have prevented mass logging and exploration in the area.

The vegetation on the Anomaly Grid consists of large old growth trees such as Furs, Pines, Maples, and Cedars. Thick brush such as dog wood, tag altars, buck brush and saplings along with forest grass and moss. Overburden such as soil, clays and loose rock cover most of the grid.

# Daily Prospecting & Beep Mat Report

Anomaly Grid  
Gillies Limit North Township

May 9, 2006

Baseline

Dragged beep mat and prospected base line starting from BL0+00 to B10+1000w then returned on baseline to start.

May 11, 2006

Lines 00w & 100w

Dragged beep mat and prospected lines 00w and 100w

May 14, 2006

Line 200w

Dragged beep map and prospected line 200w.

May 16, 2006

Lines 300w & 400w

Dragged beep mat and prospected lines 300w and 400w. A bear ended the day abruptly.

May 17, 2006

Lines 500w & 600w

Dragged beep mat and prospected lines 500w, 600w and TL8.

May 22, 2006

Lines 900w & 1000w

Accessed Anomaly Grid from the west.

Dragged beep mat and prospected lines 900w, 1000w and TL8.

May 23, 2006

Lines 700w & 800w

Accessed Anomaly Grid from the west.

Dragged beep mat and prospected lines 700w, 800w and TL8.

May 24, 27, 29 & June 6, 2006

Report Writing and Drafting (4 days)

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Signed (Alan Kon)

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Gillies Township

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## Prospecting and Observations

### The Baseline

The baseline, which runs for one thousand meters east to west, starts on the side of a hill and gradually rises to a height of approximately 350 meters above sea level crosses over top of a sedimentary rock known as the Coleman Formation. It is a conglomerate of the Huronian age. Pebble size within the matrix varies in size, quantity and spacing. Smaller sized pebbles from about 0.25cm seems to be tightly packed and numerous where as larger sized pebbles greater than 1 cm are spaced more widely and fewer within the matrix. The matrix of the conglomerate tends to be a darker color although some outcropping was observed to have a light matrix with high silicate content. Magnetite is heavily present in the conglomerate throughout the grid.

On the baseline at 50w a small conglomerate outcrop with quartz feldspar veining is exposed. The roots and moss were pulled back to expose more veining. The veins are up to 3cm thick and parallel one another. Some chip samples were taken and metallics are present. Because of this outcropping the ground north of the baseline was inspected and numerous pits and trenches were located. Several outcrops and exposed rock are also present. A small boulder of volcanic rock was found which indicates the contact is nearby. The exact position of the contact is not known at the time of writing this report but it is thought to be within 40 meters of the baseline. Another sample was taken further north west of the baseline and Chalcopyrite and other metallics are present.

At 100w on the baseline and small bleb of Magnetite comes to surface on an exposed rock. A Beep Mat was used and confirmed that it is Magnetite. (*see Beep Mat p.x*) The baseline lowers to 314 meters above sea level from this point and runs to 175w where the first pond begins. There is no 200w picket and the line does not start until 75 south below the beaver/log jam. The pond is approximately 50 meters across and a least 100m in length. A creek from South Beaver Lake feed this pond and a small creek runs out of it from the dam. The exposed rock beneath the dam is also a conglomerate with widely spaced larger pebbles. Hematite staining can be seen on the rock in several places.

The ground surface on the west side of the pond rises at a 45-degree angle to about 250 meters west where it levels then drops again. At this point a .5 meter deep trench parallels the line.

## Prospecting and Observations

Just before line 300west, the flat lying conglomerate rock seems to stop abruptly and another rock starts giving the appearance that it may be a cap. Vertical fracturing can be seen and the pebbles are very widely spaced. Between L300w and L400w very little outcropping or exposed rock is present. And a Cedar swamp covers at least 25m of the line.

The baseline at Lines 400w and 500w crosses very little outcropping or exposed rock and no significant mineralization was seen. Although a low ledge like outcrop runs parallel to line 500w. It will be discussed later in this report. At line 600w, which is the highest point on the grid there some outcropping and mineralization is present. From L600w to L900w there is no exposed rock or otherwise present and the overburden is thought to be fairly thick. But starting from L900w the topo begins to lower dramatically and there is much more outcropping and exposed rock. The rock between 950w to L1000w is also a conglomerate and tends to contradict earlier description of it. Here, the pebbling in the conglomerate ranges in all sizes and in some places is it tightly packed and in others more loosely pack. Some of the rock in the conglomerate is as large as 15cm or more with smaller pebbles in between. The weathering here is more evident and erosion has taken away much of matrix leaving just the pebbles.

Although not within the grid boundaries an area north of BLO+50w by about 35 meters is the contact between the conglomerates and volcanics. There are several pits, trenches and outcrops. A sample taken from the volcanic rock is believed to be Keewatin Andesite with minor mineralization in it. Another sample was taken from the conglomerates and approximately 1% Pyrite was found in the matrix.

## Prospecting and Observations

### Lines 0w to 1000w

All cross lines and Tie Line 8 traverse across conglomerates, no volcanics are present.

On Line 00w at 185s a vertical Quartz vein runs up to the top of a exposed rock face. The height of the rock is no more than 3.5 meters tall. No mineralization can be seen on the surface. The same with line 100w, a fairly large exposed outcrop rises up like a dome but very little veining is present.

Because of the pond on the Baseline at 175w to 225w, the 200w line doesn't start until 75s just below the beaver/log jam. The conglomerate below the dam has widely placed pebbles and possibly one eroded out vein, possibly Quartz or other silicate. Hematite staining is present in several places on the exposed rock. At 200s, a long narrow somewhat high outcrop parallels line 200w for approximately 500meters to 700s. The height ranges from 6 meters near 150s the less than 1 meter at 700s. Some minor or background mineralization was seen on the rock.

On the west side of the pond that crosses the Baseline, a small clearing opens up to the Baseline and rises up to 250w. Very little exposed rock is present here. The Baseline descends back down by 1 meter and a trench approximately 1 meter deep and 5 meters long parallels the line. Just before line 300s the ground rises sharply and there is exposed rock here. There is fracturing present and the pebbles are widely spaced. On Line 300w at 110s, a small ledge outcrop is exposed and chip samples were taken. Some metal mineralization is present.

Line 400s produced very little outcropping and no mineralization was seen. The line is swamp covered from 185s to the end at 250s.

There is a fairly large pit on line 500w but no minerals were seen. Line 600w at 25s is a small outcrop and again at 450s. Both showed minor mineralization.

Line 700w is more interesting. Three or more shallow pits are near the line at 300s to 350s close to some outcropping. The line slopes steadily to a point at 375s then drops several meters to 400s where it ends on the north side of a pond beside a large cliff. Back up to 375s and about 5 meters east of L700w are two large pits, both over 8 feet across and more than five feet deep. A meter length of old drill steel was found nearby. Because of the steep cliff and pond, the line does not start again until 525s and can only be accessed by following a path east on the cliff edge and pond.



## Prospecting and Observations

### (Lines 0w to 1000w, cont...)

From L700w at 525s looking north, the cliff face can easily be seen. The height of the cliff ranges from only a couple of meters on L700w+400s to over 25 meters further to the east. The pond near 525s is fairly shallow but appears to be very deep at the cliff face. Just to the east of L700w at 400s on the cliff face, is exposed rock for about 50 meters. Near the middle of the cliff face is a rock structure that is much different than the surrounding rock. The rock on either side of the structure has fracturing at 45 to 70 angles but the fractures/layering in this rock are near horizontal. The rock here is considerably darker than the surrounding rock and was seen at different times so as not to mistake the coloring for water staining. Also in this rock is another vein like structure that looks almost crumbly in appearance. It crosses the fracturing/layering at 30-degree angles. Also on this structure near the bottom is some rock that has a greenish-brown color to it.

On L700w at about 575s a small rock ledge raises up by a meter and from this point there is very little outcropping from here to the Tie line.

The upper half of Line 800w has three steep cliffs on it with the tallest being about 40ft high. Beside this cliff to the north has Talus covering the whole slope, and is the only place on the property like this. The lower half of the line from 500s is covered for at least a 100 meters in swamp or wet areas. At 600s to the left when facing south is a large outcrop mound and parallels the line for at least 50 or more meters. At the end of the outcrop is a rectangular trench and it extends for about 3 meters to the line. Three or four shallow pits are nearby.

Besides one tall cliff on Line 900s at the mid point, very little outcropping or exposed rock is present. Much of 900w from this cliff is swamp covered and only about the last 100m or so is dry level ground.

And the same for Line 1000w, much of the lower half is swamp covered. This swamp basically extends from the west side of the pond on L700w all the way past Line 1000w to South Pickerel Lake Creek, which parallels Line 1000w.

On L1000s there is some exposed rock near the Baseline and again at 550s but very little mineralization was seen. The ground rises up sharply at 550s to about 3 meters then gradually descends back down to level at TL8 south.

TL8 south from L500w to L1000w has almost no outcropping or exposed rock and no mineralization was seen.

## Beep Mat Survey

A Beep Mat (BMII) was obtained from the MNM in Kirkland Lake and used on the Anomaly Grid. The BMII is designed to detect sulphide minerals such as Pyrrhotite, Pyrite, and Chalcopyrite and other metallic minerals. It also detects Magnetite. Positive numbers displayed on the recording unit indicate sulphide minerals, and negative numbers displayed on the unit indicate Magnetite. The BMII has a depth of 1.5 meters.

A test was performed on the BMII to see if it was working properly, with a 7lb chunk of Silver ore placed 7cm under sand. When the BMII was dragged over the Silver, it produced readings from +450HZ to +700Hz.

Once the BMII was calibrated properly, it was dragged along the Baseline and the gridlines along with local deviations to over areas of interest.

The Conglomerates in the Cobalt mining area are known to have high Magnetite values and the Anomaly Grid was no exception. At one point on BL0+100w, the beep mat gave a signal at -400hz. After removing some of the overburden a small bleb of Magnetite was found on the surface. Most times throughout the grid, the BMII gave negative readings from -30Hz to -50Hz, although there were several positive signals. (See table and maps). Each positive reading was numbered and a sample was taken if possible. In some cases the overburden was too deep to dig by hand.

Positive BMII Readings.

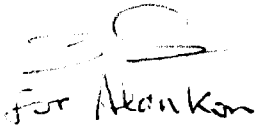
Location	Reading	Ground	Description	Sample #
BL0+50w	+50Hz	Conglomerate	Quartz veining	#1
BL0+175w	+50Hz	Conglomerate	On Pond Edge	#2
BL0+225w	+500Hz	Overburden	1m <sup>2</sup> area	#3
BL0+285w	Up to +700Hz	Overburden	3m <sup>2</sup> area	#4
L1000w+125s	+20Hz	Hill Bottom	Near Swamp	#5
L0w+222s	+200Hz	Conglomerate	Swamp Edge	#6
L300w+110s	Up to +30Hz	Outcrop	2m <sup>2</sup> area	#7
L600w+25s	Up to 110Hz	Conglomerate	Small Ledge	#8
L600w+450s	+225Hz	Overburden	On Hill Side	#9
L700w+375s	Up to 200Hz	Overburden	Above pits	#10

\*Samples were collected but not assayed at this time.

## Conclusions & Recommendations

A cut grid referred to as the Anomaly Grid, located on Claim 1231084 in the northern part of Gillies Limit North Township, was covered by prospecting and a Beep Mat survey during the period from May 9<sup>th</sup> to 23<sup>rd</sup>, 2006. The work revealed a number of magnetic and conductive features that should be followed up by mechanical stripping. Eight samples were collected but they were not assayed at the present time. These should be assayed once the remaining targets have been stripped and sampled.

Signed



Alan Kon

June 6, 2006



Volcanics on contact



Hematite Staining



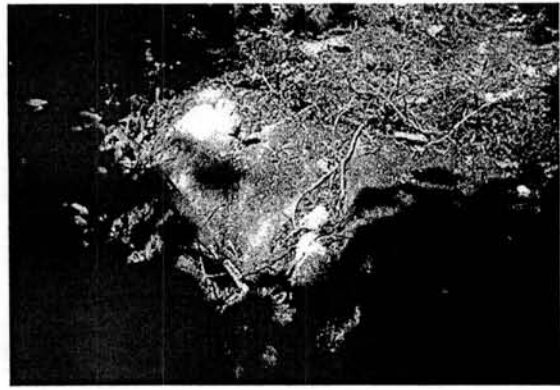
Pyrite in Conglomerate on Contact



Parallel Quartz Veining



Cliff Structure



Beep Mat Signal on Outcrop

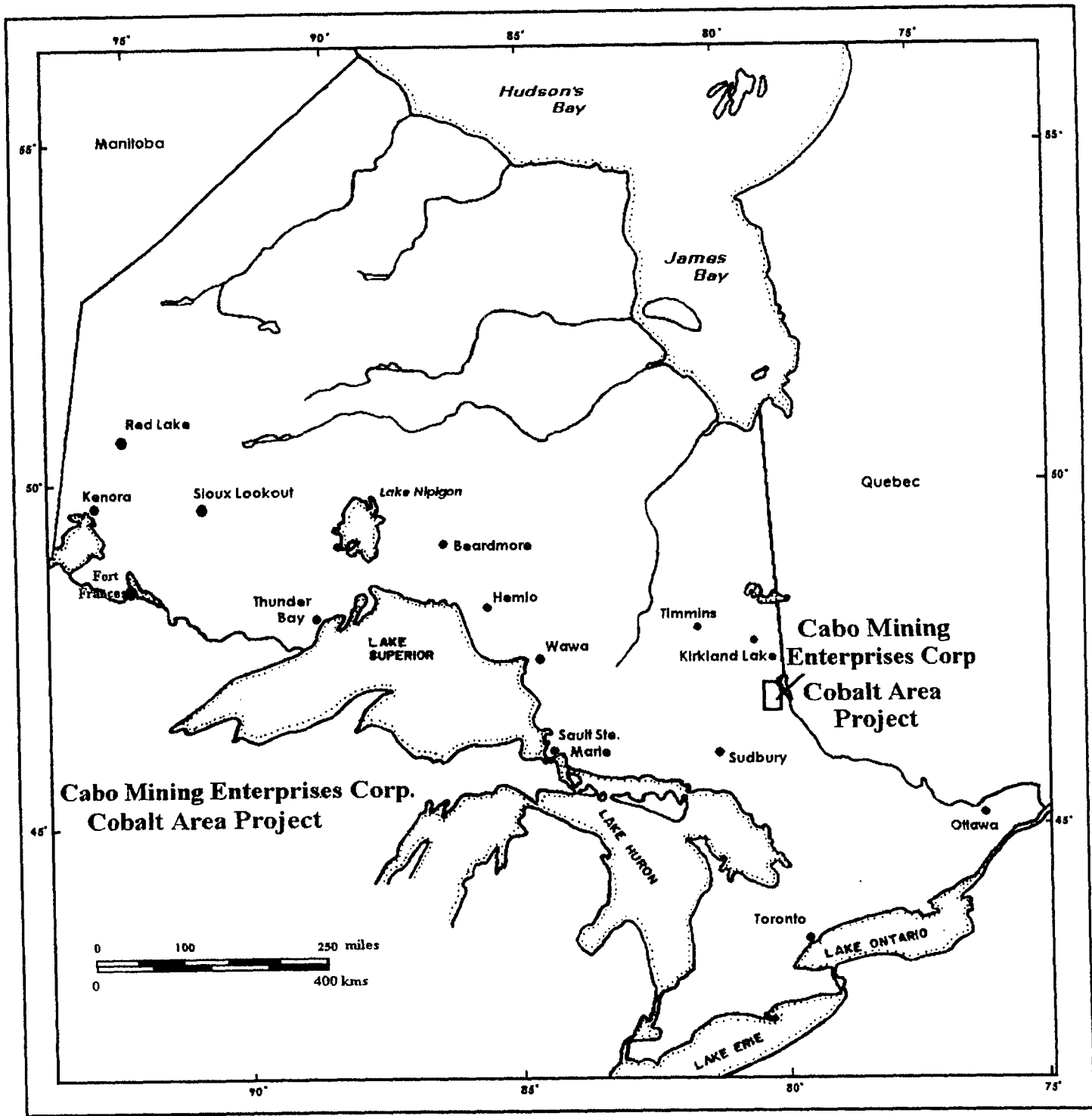


Figure 1: Regional Location Map of Ontario



Date / Time of Issue: Wed Jun 07 05:16:44 EDT 2006

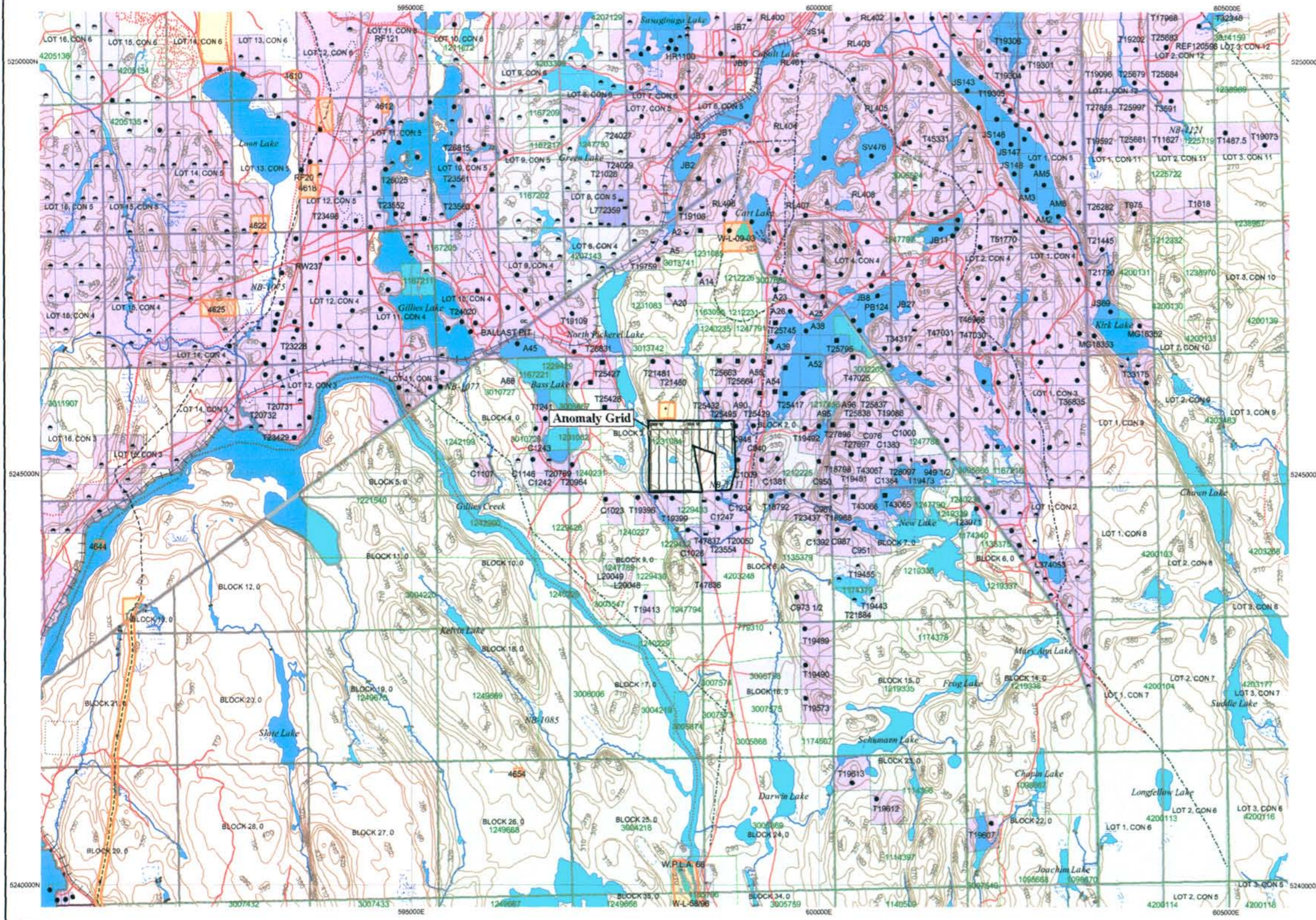
TOWNSHIP / AREA  
GILLIES LIMIT NORTH

PLAN  
G-3429

ADMINISTRATIVE DISTRICTS / DIVISIONS

Mining Division  
Land Titles/Registry Division  
Ministry of Natural Resources District

Larder Lake  
TIMISKAMING  
NORTH BAY

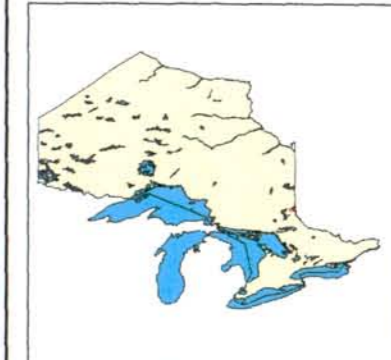


TOPOGRAPHIC

- Administrative Boundaries
- Township
- Concession, Lot
- Provincial Park
- Indian Reserve
- Cliff, Pit & Pile
- Contour
- Mine Shafts
- Mine Headframe
- Railway
- Road
- Trail
- Natural Gas Pipeline
- Utilities
- Tower

Land Tenure

- Freehold Patent**
  - Surface And Mining Rights
  - Surface Rights Only
  - Mining Rights Only
- Leasehold Patent**
  - Surface And Mining Rights
  - Surface Rights Only
  - Mining Rights Only
- Licence of Occupation**
  - Uses Not Specified
  - Surface And Mining Rights
  - Surface Rights Only
  - Mining Rights Only
  - Land Use Permit
  - Order In Council (Not open for staking)
  - Water Power Lease Agreement
- Mining Claim**
- Fed Only Mining Claims**
- LAND TENURE WITHDRAWALS**
  - 1234 Areas Withdrawn from Disposition
  - Mining Acts Withdrawal Types
    - Wsm Surface And Mining Rights Withdrawn
    - Ws Surface Rights Only Withdrawn
    - Wm Mining Rights Only Withdrawn
  - Order In Council Withdrawal Types
    - W'sm Surface And Mining Rights Withdrawn
    - W's Surface Rights Only Withdrawn
    - W'm Mining Rights Only Withdrawn
  - 1234 IMPORTANT NOTICES



Cabo Mining Enterprises Corp.  
Cobalt Area Project

Claim Map Showing Anomaly Grid Location

Figure 2

Those wishing to stake mining claims should consult with the Provincial Mining Recorders' Office of the Ministry of Northern Development and Mines for additional information on the status of the lands shown hereon. This map is not intended for navigational, survey, or land title determination purposes as the information shown on this map is compiled from various sources. Completeness and accuracy are not guaranteed. Additional information may also be obtained through the local Land Titles or Registry Office, or the Ministry of Natural Resources.

The information shown is derived from digital data available in the Provincial Mining Recorders' Office at the time of downloading from the Ministry of Northern Development and Mines web site.

General Information and Limitations

Contact Information:  
Provincial Mining Recorders' Office  
Wilket Green Miller Centre 933 Ramsey Lake Road  
Sudbury ON P3E 6B5  
Home Page: [www.mndm.gov.on.ca/MNDM/MINES/LANDS/ntmmpge.htm](http://www.mndm.gov.on.ca/MNDM/MINES/LANDS/ntmmpge.htm)

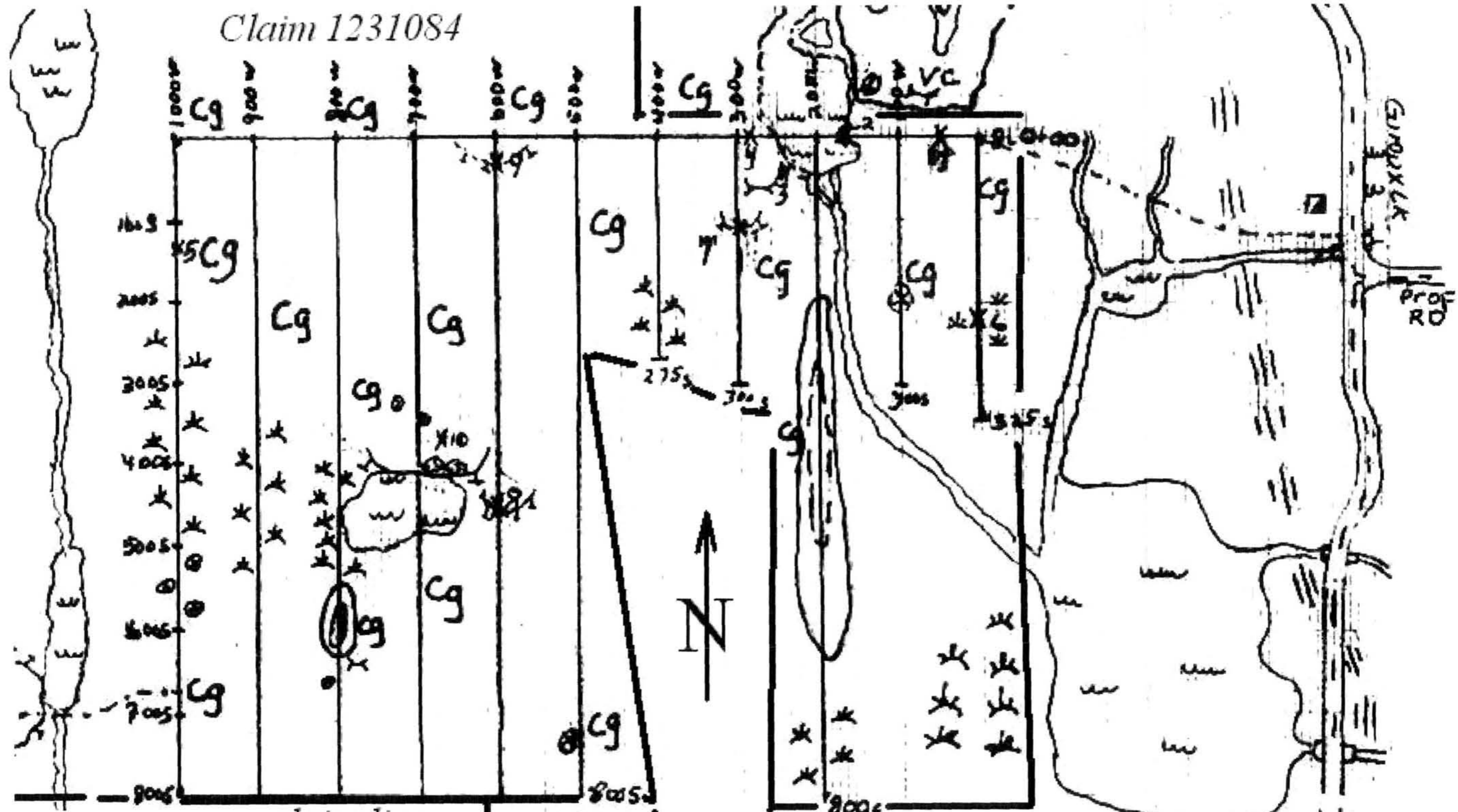
Toll Free  
Tel: 1 (888) 415-9845 ext 577  
Fax: 1 (877) 670-1444

Map Datum: NAD 83  
Projection: UTM (6 degree)  
Topographic Data Source: Land Information Ontario  
Mining Land Tenure Source: Provincial Mining Recorders' Office

This map may not show unregistered land tenure and interests in land including certain patents, leases, easements, right of ways, flooding rights, licences, or other forms of disposition of rights and interest from the Crown. Also certain land tenure and land uses that restrict or prohibit free entry to stake mining claims may not be illustrated.



Claim 1231084



claim line

Claim #  
1229433

VC = Volcanics-Andesite  
Cg = Conglomerates

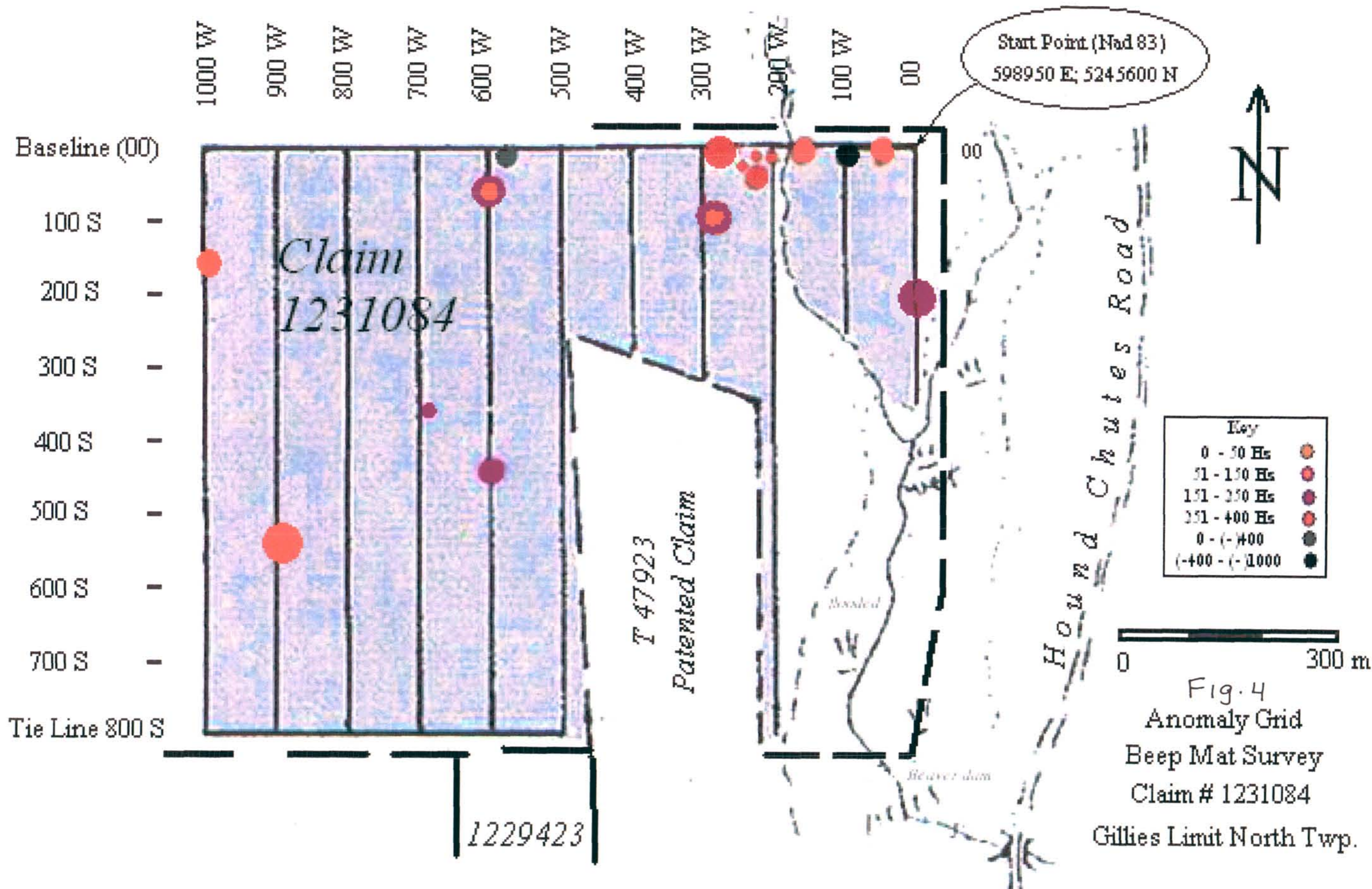
may 24/05



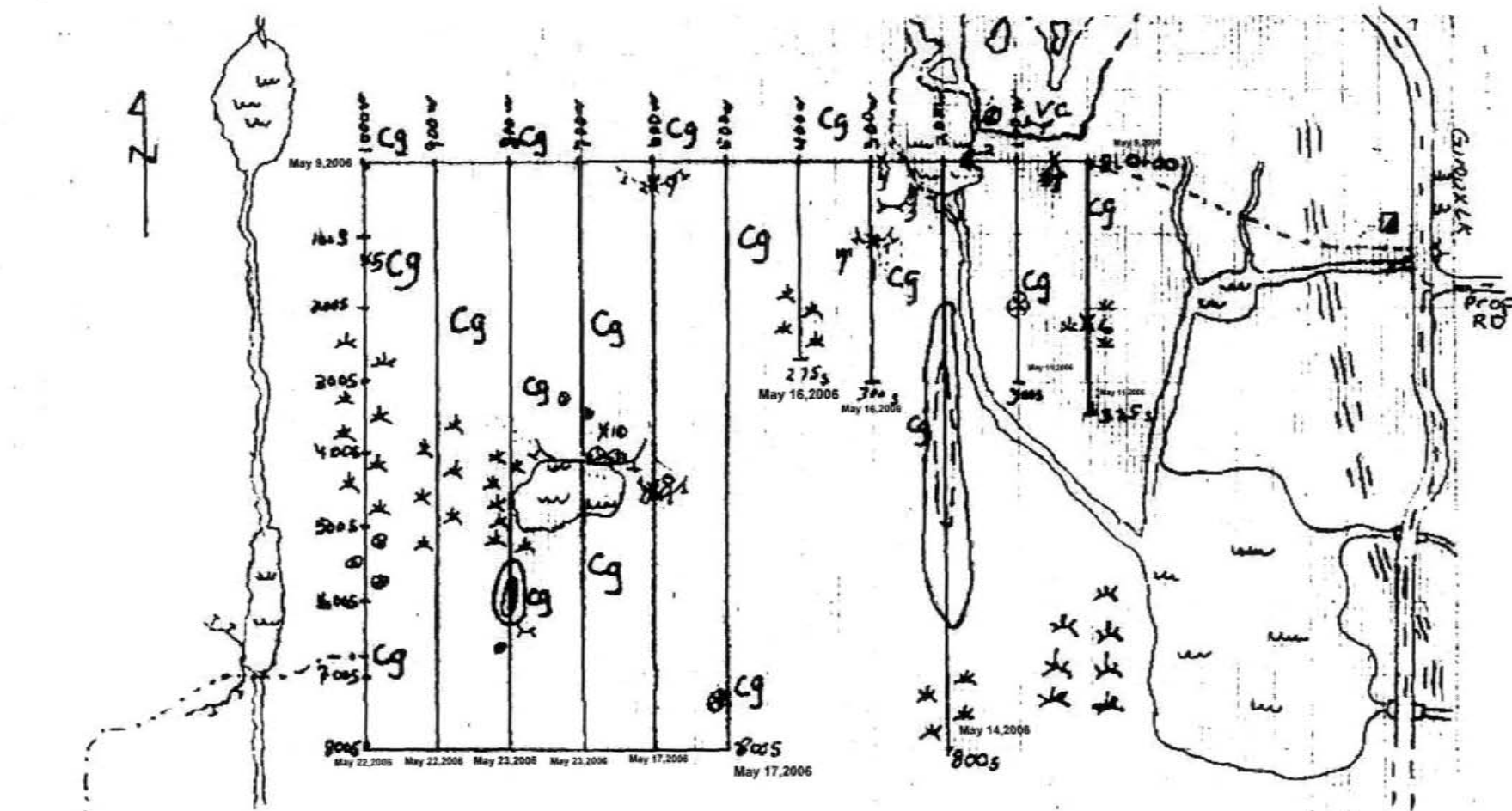
Figure 3

Prospecting Map  
Gillies Limit North Twp  
Anomaly Grid

- - - PATH
- ∧ OUTCROP
- ⊙ POND
- ~ CREEK
- \* SWAMP
- ⊠ MINE SHAFT
- ⊕ PIT
- ∟ TRENCH
- ≡ POWER LINE
- ▬ ROAD







\*The date at or near the bottom of each grid line represents the day on which the Beep Mat and prospecting was performed on that line

VC = Volcanics-Andesite  
Cg = Conglomerates

- PATH
- X OUTCROP
- ⊙ POND
- ~ CREEK
- \* SWAMP
- ⊠ MINE SHAFT
- ⊕ PIT
- Y TRENCH
- || POWER LINE
- == ROAD

Figure 5  
Anomaly Grid  
Prospecting Map  
Dates Worked

'X' Beside number = pos. Conductor and sample number

1 INCH = 200 METERS

MAY 24/06