

2.41004

REPORT OF PROSPECTING ACTIVITIES

2008 SPRING AND SUMMER SEASON

CLAIM NO. 1185796

**GILLIES LIMIT (NORTH PART)
LARDER LAKE MINING DIVISION**



Prepared by:

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March 29, 2009

INTRODUCTION, LOCATION AND ACCESS

This property, which straddles the Montreal River, consists of one mining claim #1185796 comprising 6, 40 acre claim units and is situated in the northeast part of Gillies Limit (Claim map or Plan #M-484). A power line traverses the property which is located 5 miles south of the Town of Cobalt and is accessible by an excellent all weather road. Located at north latitude 47° 18' and west longitude 79° 49' and may be plotted on NTS map 31 MSW at these coordinates in the Larder Lake Mining Division.

HISTORY

The Cobalt camp came to prominence in the very early part of the century and since that time the search for silver and cobalt ores has varied in intensity. Surface prospecting on a portion of the property uncovered several veins on which rock pits were excavated to various depths. These veins exhibited cobalt, niccolite and silver.

Some work was done on the property during the years 1925 - 1928. This work consisted of a limited amount of trenching and test pitting and one shaft of about 15 feet was sunk on some

narrow calcite veins carrying smalltite, niccolite and native silver.

The Nipissing Mining Company attempted to drill a hole to the east of the shaft through heavy overburden to test the diabase conglomerate contact, or veins, but the hole was abandoned at a depth of 200 feet still in overburden.

In 1951, Mr. S.B. Bond was in charge of a limited diamond drilling program on a small sector of the property. While commercial values of cobalt and nickel with some native silver were encountered in the host rock of Nipissing diabase, the holes were not drilled deep enough. It is well to note that in the Cobalt camp, when cobalt silver mineralization is encountered in the sill that's below the contact, it is customary to encounter ore deposits.

The claim on which the work is being conducted encompasses all the aforementioned showings. At the present time cobalt is one of the few metals where fundamental "supply and demand" considerations are working in favour of high prices. For many years actual world consumption has exceeded production by a wide margin. It would seem, at least until the Voisey Bay deposits came on stream, that a world shortage would generate even higher

prices. This bodes well for those properties that have potential cobalt deposits.

GEOLOGY

The known outcrops on the property are Nipissing diabase which is believed to lie on the Keewatin in the section where the small shaft was sunk. To the east under heavy overburden, it is believed the Nipissing diabase cuts through the conglomerate. Consequently, there will be a conglomerate contact both above and below the diabase sill.

A large portion of the ore in the Cobalt camp, probably 80% or 90%, was taken from the conglomerate around the lower contact of the diabase and almost all of the silver-cobalt ore was found within a distance of 300 - 400 feet from the contact. Some ore also was taken from the upper contact, some from the diabase itself, and some from the Keewatin.

The oldest rocks in the area are the Keewatin Volcanics which unconformably underlie the cobalt sediments (conglomerate and greywacke). The youngest rock is the Nipissing diabase sill itself, an intrusion several hundred feet thick which is found intruding at various dips both the sediments and Keewatin

volcanics. Local rolls or faults that cause changes in the dip of the sill at the contact is usually the locus of silver-cobalt deposits.

Numerous strong faults on the property lend an ideal geological condition for ore deposition.

WORK PROGRAM

1. Work was started the end of March 2008 in an effort to continue trenching to elongate Pit 96-3 located at Grid 3 + 35N @ 90W (as quoted from assessment report dated March 28, 2004). The snow cover was removed, initially by pick and shovel. The snow had been compacted and frozen, so a backhoe was rented and brought to the property. The snow was removed from the area by the backhoe, and trees were also felled and removed from the area to be trenched. By utilizing the backhoe to attempt to start the trench, it was discovered that the ground was frozen from surface to bedrock. Since the backhoe was having difficulty excavating, a Pionjar plugger was utilized to drill holes to attempt to break up the ground. The trench was advanced 2 linear feet, when it was decided that the trenching would be

much more productive after the ground thaws. Accordingly, the trenching continued later in 2008.

2. Trenching was commenced again in June and continued through August 2008.
3. Trench 96-3 was elongated to the east 8 feet, 6 feet wide and 8 feet deep; and, to the west by 20 feet, 6 feet wide to an average depth of 2 feet to bedrock. The vein apparently stopped at the cross fault.
4. A portion of the elongated trench to the west was further widened by further trenching of 10 feet long by 8 feet wide by an average depth of 2 feet, to bedrock, where the vein quickly petered out.
5. A further trench was dug southerly along the cross vein, 10 feet long by 6 feet wide by 6 feet deep. Again, the vein pinched out to nothing but a hairline fracture.

CONCLUSIONS AND RECOMMENDATIONS

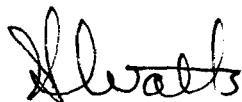
The property lies in the Cobalt silver cobalt area of Ontario. The diabase sill which hosted the ores of the camp is

in contact with the sediments. There appears to be at least two very strong faults, one following the river and one northwest. There are surface showings on the property of smalltite, niccolite and silver in strong fracturing.

Drilling done in the past was too shallow and therefore not conclusive.

1. The property has real merit and it is recommended that refurbishing and resampling the extensive showings and pits with the major outlook being Cobalt as opposed to silver, be done to be expanded with geophysics and further trenching and prospecting.
2. A back hoe will be brought in to attempt to expose and extend the veins discovered to date, especially near old trench #2.
3. A comprehensive diamond drilling program should then be initiated.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "H. W. B.", is centered below the text.

WORK LOG

Date	Work Area	Type of Work	No.	Hours
Persons				
2008				
March 21	Pit 96-3	shovelling snow at Trench site, and Clearing trail to bring backhoe to site	1	4 hours
Mar 22	Pit 96-3	transporting backhoe to Site and set-up, felling trees along Projected trench	2	6 hours
Mar 23	Pit 96-3	clearing area with backhoe and attempt digging	1	6 hours
Mar 24	Pit 96-3	Backhoe excavating	1	4 hours
Mar 25	Pit 96-3	Drilling with Pionjar Plugger and blasting same backhoe excavating 1		4 hours
June 21	Pit 96-3	to site with backhoe and set-up; Trenching west in trench 96-3	1	10 hours
August 2	Pit 96-3	clearing area to trench to east	2	10 hours
August 3	Pit 96-3	trenching and pulling stumps	2	10 hours
August 4	Pit 96-3	trenching and clearing area	1	10 hours
August 5	Pit 96-3	trenching and clearing area	1	10 hours
August 7	Pit 96-3	trenching and clearing area	1	10 hours
August 8	Pit 96-3	trenching and clearing area	1	10 hours
August 12	Pit 96-3	trenching and clearing area	1	10 hours
August 16	Pit 96-3	trenching and cleanup and remove backhoe and other equipment	2	10 hours

Persons working:

H. Watts	Mar 21 to 25 inclusive, June 21, and August 2 to 16, 2008	114 hours
C. Davis	Mar 22, 23, August 2, 3, 16, 2008	36 hours

Costs:

H. Watts	114 hours @ \$62.50 =	\$ 7,125.00
C. Davis	36 hours @ \$45.00 =	<u>1,620.00</u>
		\$ 8,745.00

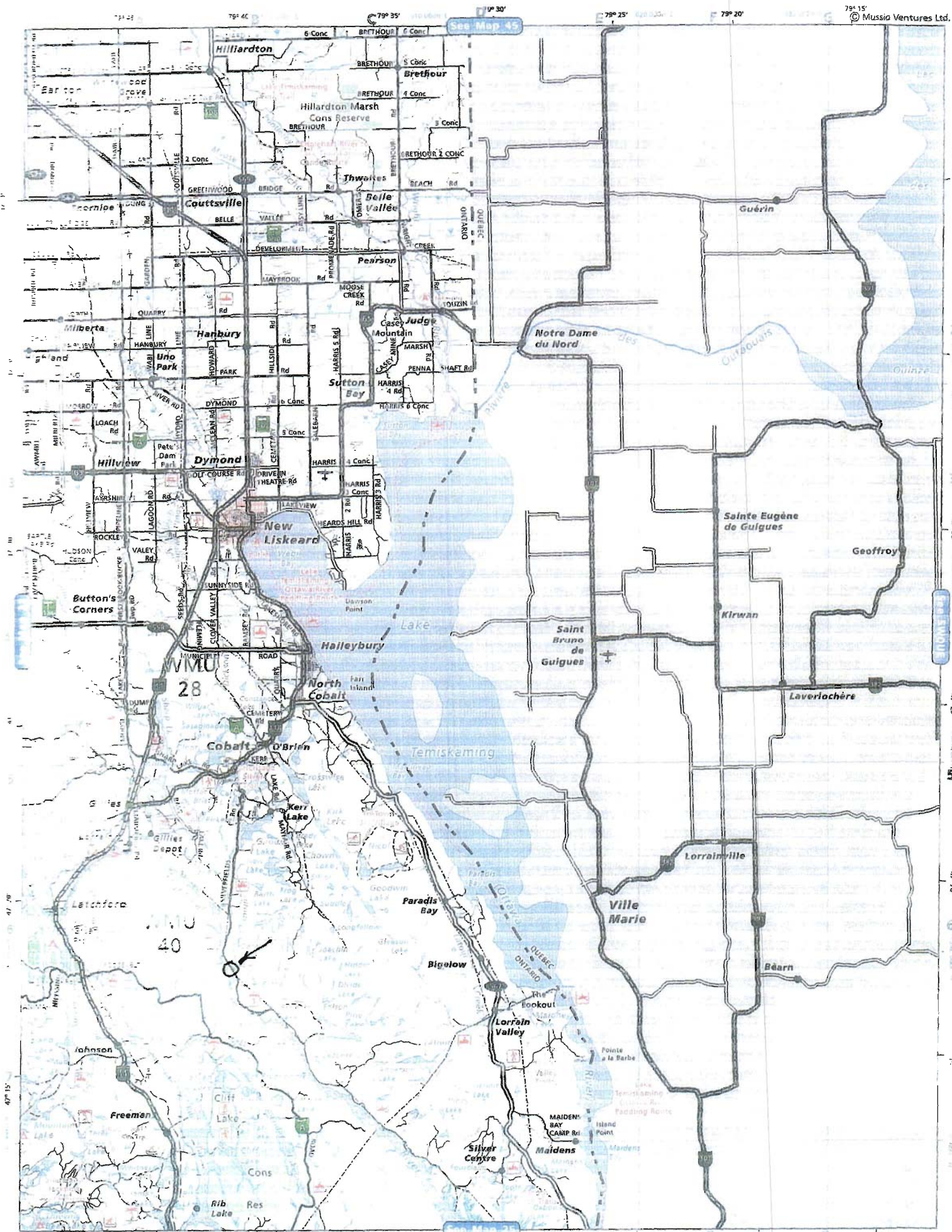
Equipment Rental:

Portable Backhoe 12 days @ \$100.00 =	\$ 1,200.00
Pionjar plugger 1 day @ \$50.00	50.00

Fuel and miscellaneous	<u>100.00</u>
	\$ 1,350.00

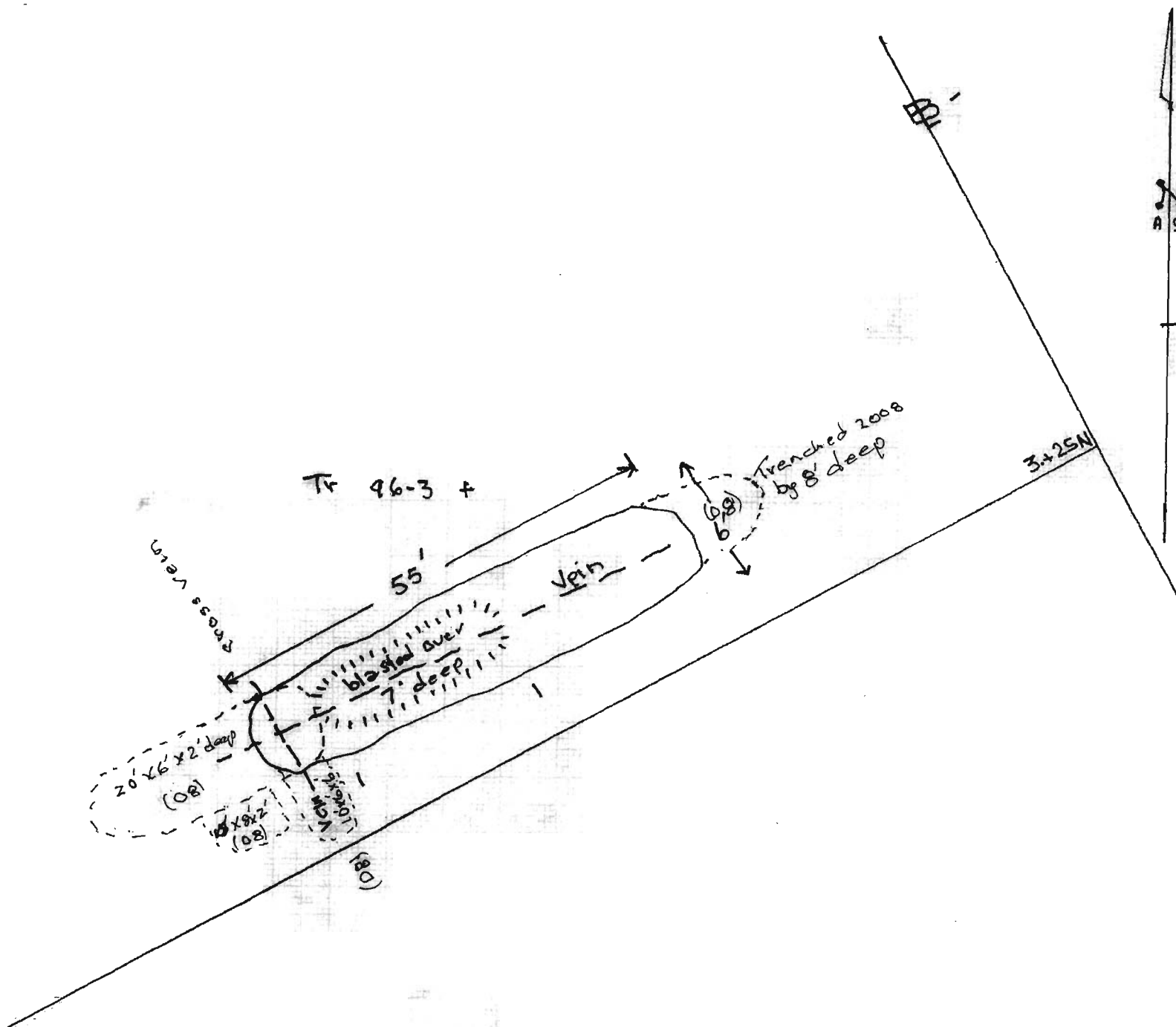
Mileage: 45 km x 14 days @ \$0.40/km = \$ 252.00

See Map 45



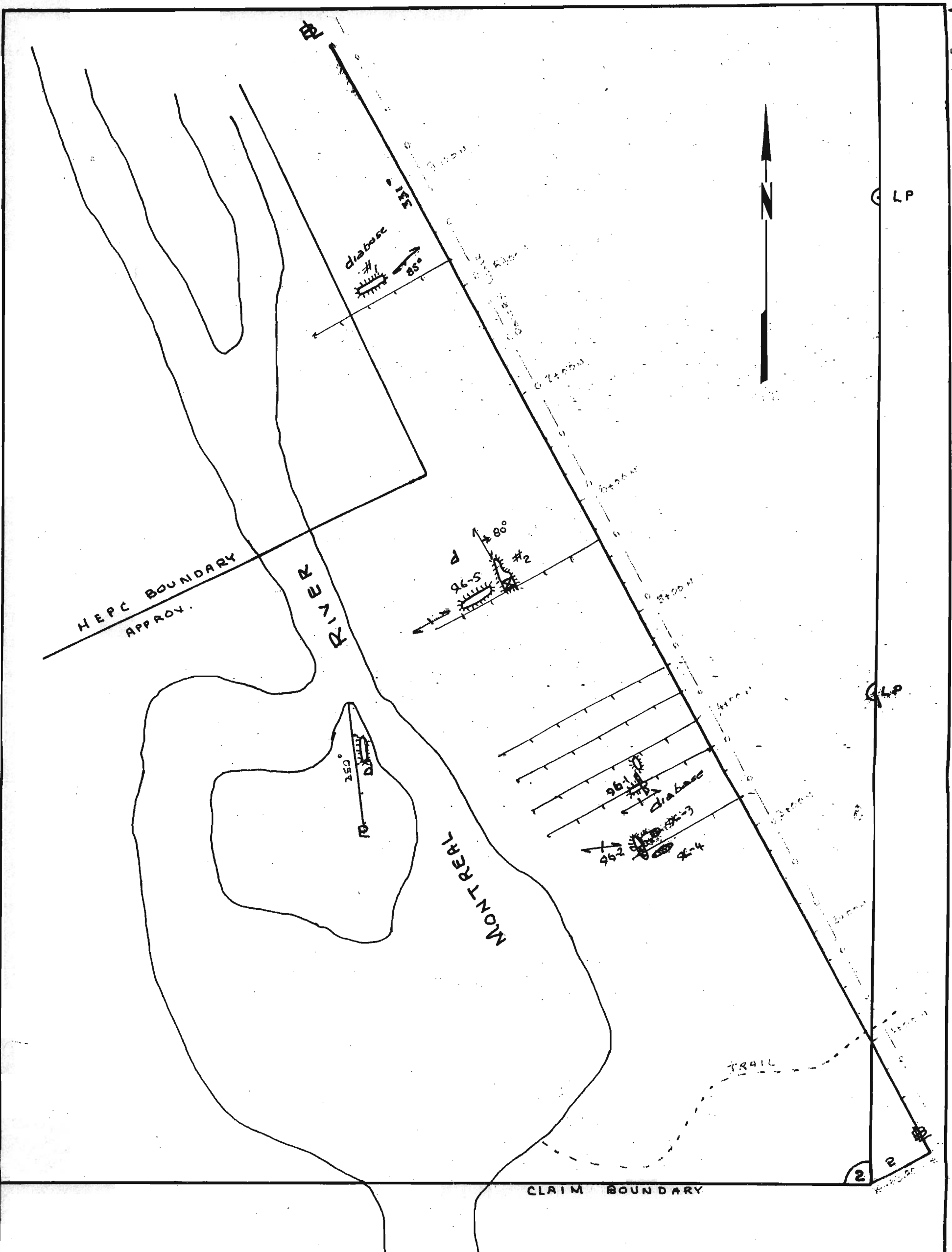
New Liskeard

MINING CLAIM # 1185796, Gillies Twp. North Part



SKETCH PLAN TR. 96-3 (2008)

Not to Scale
Dimensions Indicated
See Accompanying Plan



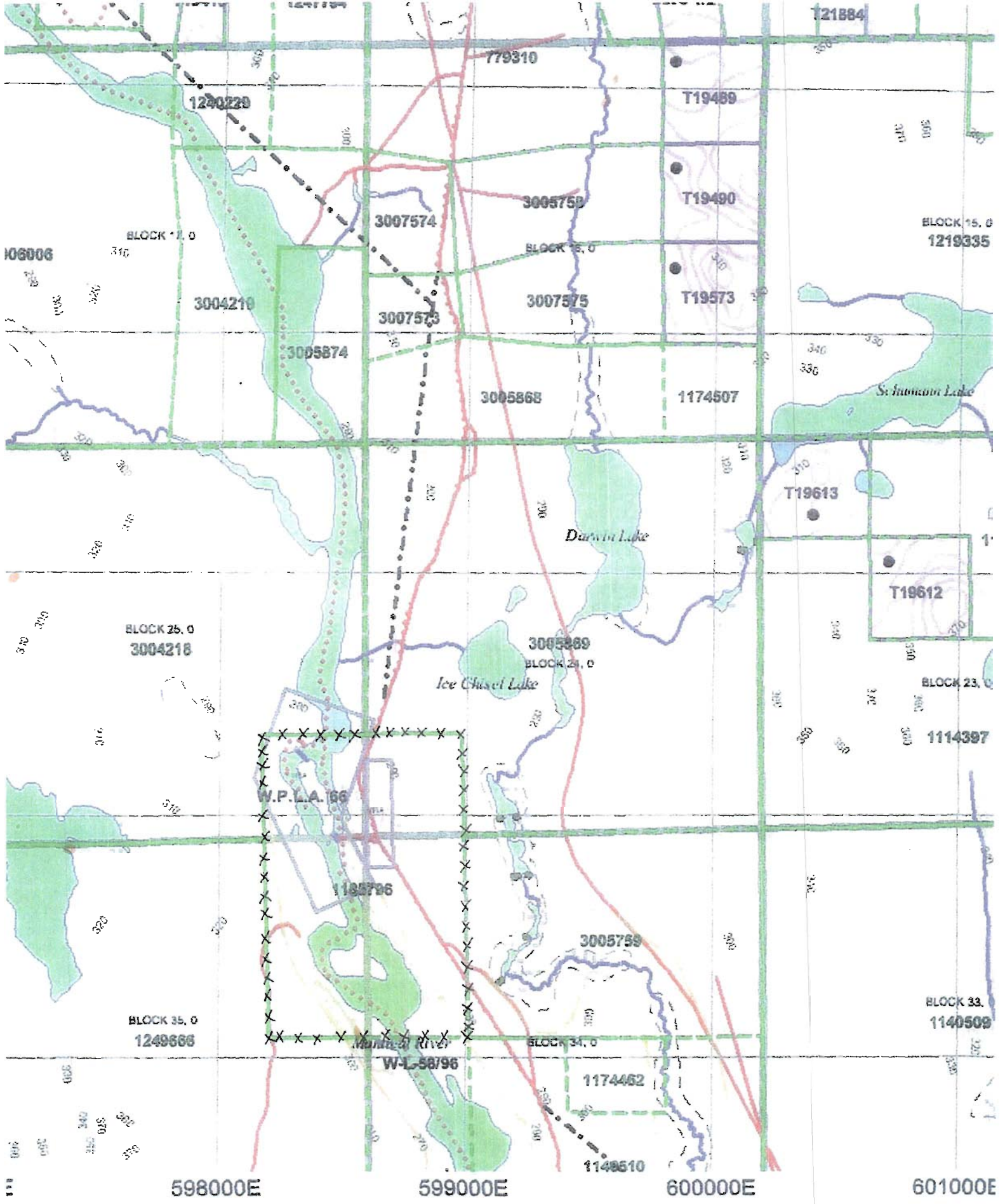
LEGEND

- POWER LINE —○—○—○—
- TRENCH (BLASTED)
- PIT (OVERBURDEN)
- BASELINE
- PICKET LINE
- STRIKE & DIP (VEINS)

PLAN of
S.E. PART of CLAIM No 118596
 GILLIES TWP NORTH PART
 PLAN # M-484

SCALE 1: 3000

DATE. - Dec 1996
 DRAWN - *Shantz*

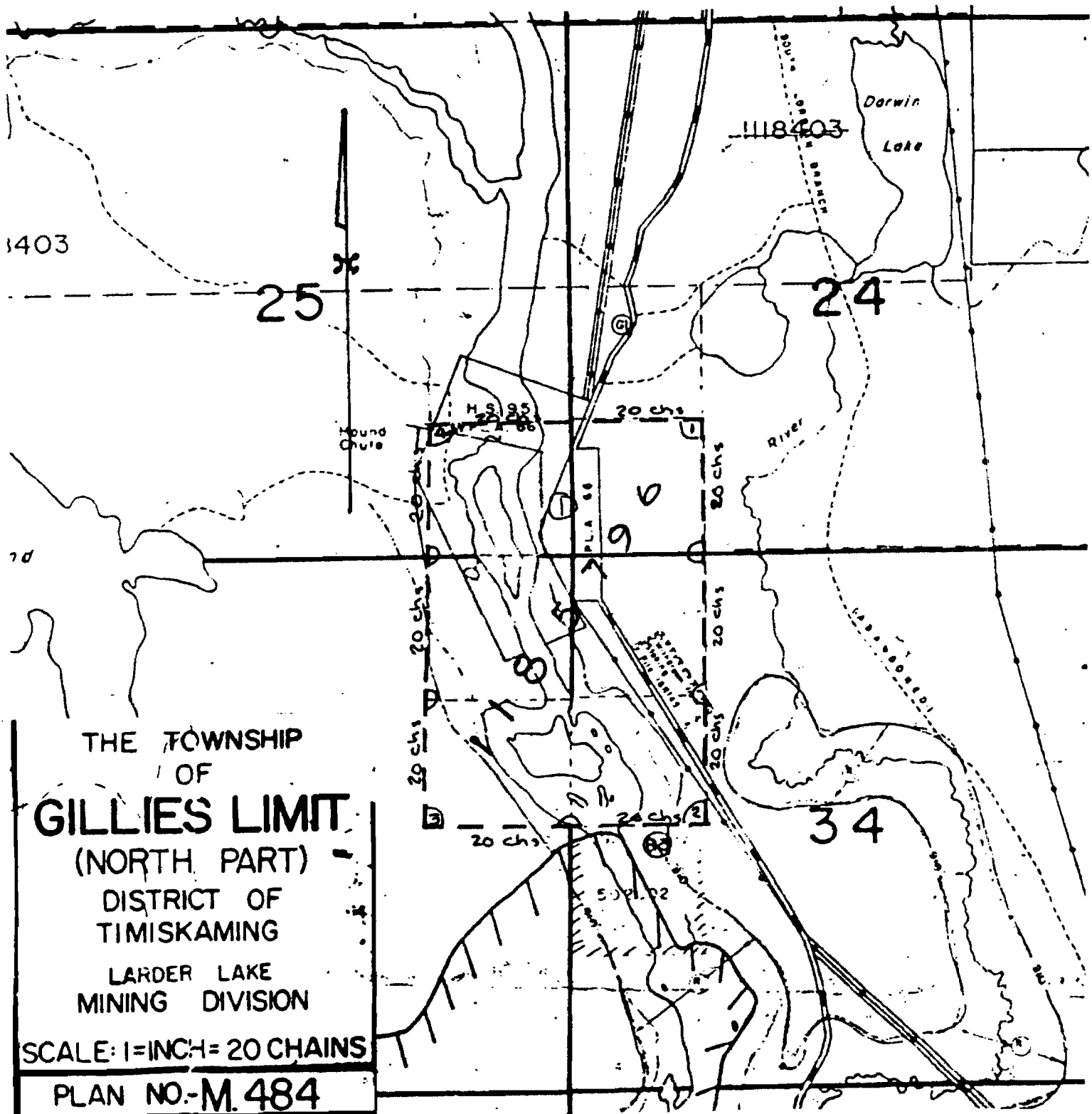


Magnetic Declination Used. 11°
Scale: 1" = 20 chains

of claims listed on Part A.
an of the mining claim(s) must show the corner posts, witness posts, and
and the distances between the posts in metres.

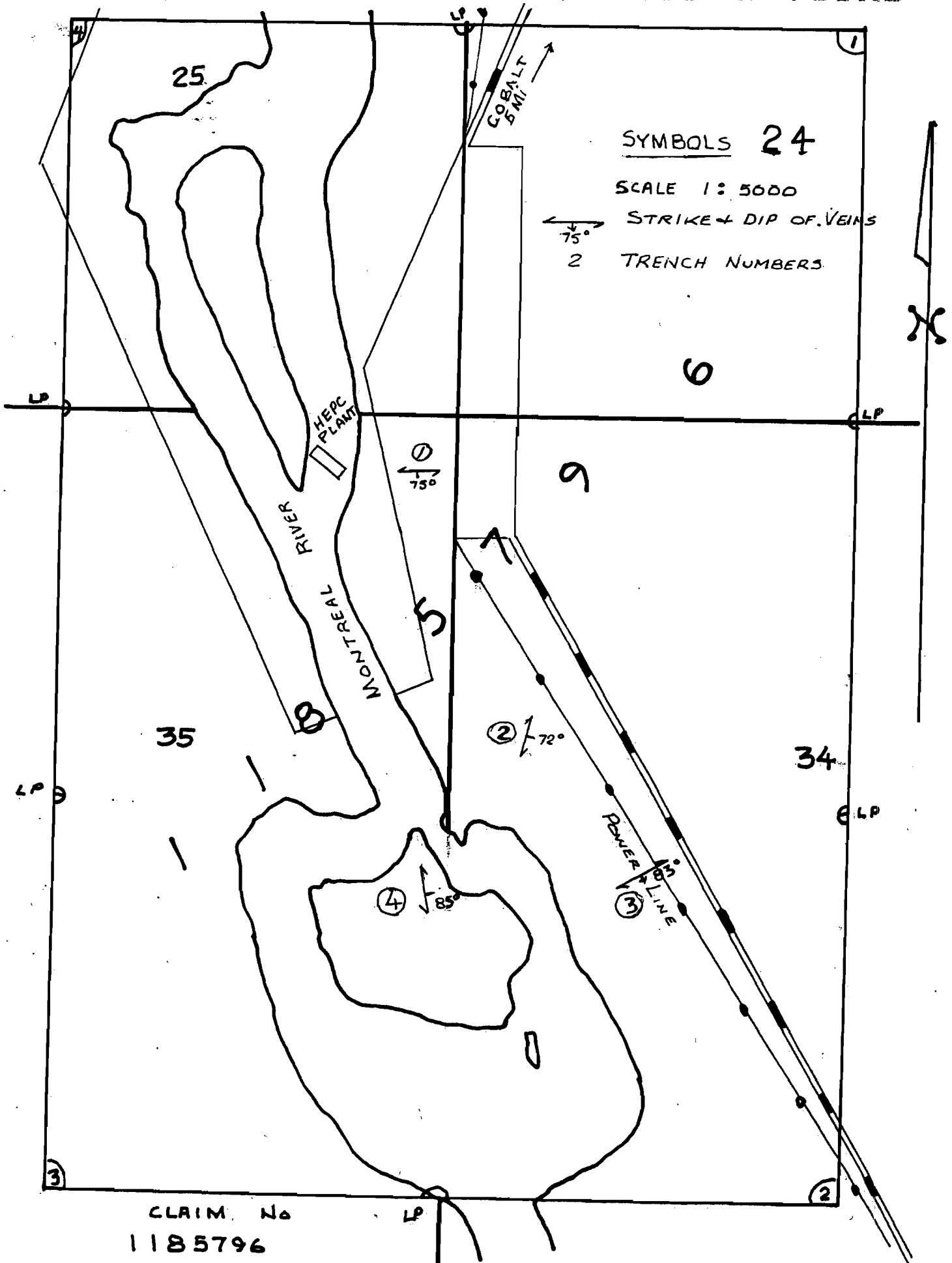
a topographic features such as lakes, rivers, creeks, ponds, etc. and
slopmnts such as hydro lines, highways, railways, pipelines, buildings, etc.

Refer to sample sketch on Part C.



THE TOWNSHIP
OF
GILLIES LIMIT
(NORTH PART)
DISTRICT OF
TIMISKAMING
LARDER LAKE
MINING DIVISION
SCALE: 1" = 20 CHAINS
PLAN NO. - M.484

SKETCH OF TRENCHES, PITS & veins



CLAIM No
1185796
GILLIES LIMIT (NORTH PART)

1-4-95 H.W

