

REPORT OF PROSPECTING ACTIVITIES

1996 SEASON

CLAIM NO. 1185796

GILLIES LIMIT (NORTH PART)

LARDER LAKE MINING DIVISION

Prepared by:

HAROLD A. WATTS R. R. #2 Hawkestone, Ontario LOL 1TO (705) 487-3523

January 29, 1997



2.17102

INTRODUCTION, LOCATION AND ACCESS

This property, which straddles the Montreal River, consists of one mining claim #1185796 comprising 6, 2 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 to be done 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 entrusing 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 (1996)

A picket line grid was cut to give accurate control of prospecting areas at all times. Another picket line grid was established on the island in the Montreal River to investigate that area where one old trench and vein was located and explored further. A reported 14" Aplite dike on the west side of the island containing cobalt bloom was diligently searched for but was not uncovered. Overburden on the island is extensive and only on the northern tip were outcrops exposed. These outcrops were all a fractured diabase. The entire island was probed with a sounding bar without finding any buried bedrock.

After locating old pit or trench #1, it was decided that because of the nearness (75 feet away) of the Ontario Hydro plant, drilling and blasting could not be safely done without blasting mats, so extensions of this exposed vein were searched for in vain. Considerable time was spent probing overburden and stipping shallower overburden without success.

Using a sounding bar, grub hoe, and where deemed helpful a shovel, the area between trenches #1 and #2, from previous work, was prospected and probed very extensively in 25 meter increments. All of the rocks in this entire area were diabase, and no other apparent veins were located.

Pit #2 which is reported to be 20 feet deep was filled with water and is quite close to the road and power line. Earlier reports tell of a 3" wide vein of massive cobalt with silver at the bottom of this pit: this was not confirmed at this time as the equipment necessary to dewater the pit was not available.

The main vein in pit #2 strikes 328° Ast. and dips to the east at 80°. This vein can be followed for about 100 feet to the north before disappearing.

A cross-fracture here was exposed by stripping to the west which strikes 75° and is vertical. This fracture was stripped and exposed for about 75 feet without being able to get a clean sample, so a very large trench was drilled off and blasted to expose fresh surfaces. This large blast was set off late at night to lessen the likelihood of exposing cars and/or hunters to the possible danger of being hit with flying debris. Unfortunately, after the blast, about 6" of snow after freezing rain made it impossible to see the exposed surfaces, and it was decided to wait until the snow melted to take samples. To date this has not happened.

An old shallow 2' deep trench in overburden to bedrock was loated at (grid) 3+75N 65W. This trench was cleaned out and extended, as probing showed overburden was not too much deeper to the south. A new vein 1" wide was exposed and overburden cleared. This vein strikes 92° ast. and was exposed for a

further 20 feet at right angles to the original trench. This vein was then exposed by drilling and blasting, cleaned out and sampled, and labelled as Trench #96-1.

Probing with a sounding bar indicated shallow (3') overburden at grid 3+35N @ 0+95W. A pit was dug down to bedrock here for about 20 feet in length parallel to the baseline and exposed another 1" calcite vein at right angles to the pit, strike 83°. A trench was drilled and blasted on this vein to a depth of 5', mucked out and sampled, and designated pit #96-2, and Trench 96-2 respectively.

Twenty feet east of Pit 96-2, another pit was dug down in about 4 feet of overburden to expose another vein striking 90°. A trench was drilled and blasted at the north end of this pit to a depth of 4 feet where the vein appeared to be massive sulphides, mostly pyrite and about 4" wide, and named Trench 96-3 in Pit 96-3.

Another pit was put down in this area to a depth of 4 feet, but bedrock was not to be found -- designated as Pit 96-4.

Several samples were taken, but while waiting to sample trench 96-1 also, these samples, which have no apparent cobalt or silver, have not yet been sent to the assayer. All exposed rocks were diabase.

Location and Dimensions of Pits and Trenches

Pit or Trench	<u>Grid</u>	<u>Size</u>
Pit # 96-1 Trench 96-1 Pit 96-2 Trench 96-2 Pit 96-3 Trench 96-3	3+65 to 3+75N @ 65W 3+75N @ 65 to 75W 3+25N to 3+35N @ 95W 3+35N @ 95W 3+35N @ 90 to 85W 3+35N @ 90W	2'd x 3'w x 20'l 3'd x 4'w x 18'l 3'd x 3'w x 20'l 5'd x 5'w x 5'l 3'd x 4'w x 12l 5'd x 5'w x 6'l
Pit 96-4	3+30N @ 90W	$7'd \times 5'w \times 12'1$
Trench 96-5	5+70N @ 90W to 1+00W	$6'd \times 5'w \times 30'1$

Equipment:

A modern pionjar model 120 gas operated plugger drill was used for trenching, using lidicat knock-off drill bits on drill steels varying from 2' to 6' in length. For stripping overburden, round-mouth shovels known as Mexican drag lines, were used along with grub hoes, picks, mattoxes and adzes. For probing overburden, a sounding bar was used (known as a bull prick which is a 7/8" diameter hexagonal tempered steel bar 6 feet long with a heavy bulbous pointed end). This is repeatedly pounded down by hand to depths of 3 to 4 feet.

To move the equipment around, a Yamaha 4x4 "big bear" 4-wheel ATV with a special trailer was used.

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 should be brought in to attempt to expose and extend the veins discovered to date, especially near old trench #2. New trenches 96-2 and 96-3 should be followed-up by a comprehensive diamond drilling program.

Respectfully submitted,

WORK LOG

Date	Work Area	Type of Work	No. Persons	Hours
1996				
Aug. 25 26 27 28	S S/W corner Baseline Baseline & trail	<pre>mobilize establish baseline cutting & chaining chaining & clearing trail cutting & chaining</pre>	3 2 2 2	12 10 10 10
3 ((island)	and prospecting prospecting (probing	2	10
31		overburden)	3	11
		prospecting (probing overburden)	3	10
Sept. 1		prospecting (probing overburden)	3	10
	Sub-baseline (is.)	prospecting (probing overburden)	3	12
	Sub-baseline (is.)	prospecting (probing overburden)	3	10
	Sub-baseline (is.)	<pre>prospecting (probing overburden)</pre>	3	12
	5 Line 8+25N 5 Trench #2 along	prospecting	1	11
	line 8+25N	examine trench #2	2	10
	7 Trench #2 along line 8+25N	prospecting & probing for outcrop	2	10
	Trench #2 along line 8+25N	prospecting & probing for outcrop	2	8
<u> </u>	Along line 7+00N to 8N	<pre>prospecting & probing for outcrop</pre>	1	10
10	D Lines 6 & 7	prospecting & probing for outcrop	1	10
13	Lines 5 & 6	locate trench/stripping	1	10
12	2 5+67N near 0+75W	cut & chain line 5+67N/ stripping overburden	1	12
13	3 5+67N near 0+75W	stripping overburden	1	8
21 22		probe overburden, prospect probe overburden, prospect		10
		strip	2	8
2; 24		locate pit, strip & probe stripping & trenching	1	10
	(Pit 96-1)	(hand)	1	12
25		11 11 11	1	9
26		11 11 11	1	10
2		11 11 11	2	10
28		4		
2.4	(Trench 96-1)	drilling "	2	11
29			2	8
3 (drill & blast	1	9
Oct.		muck out & wash	1	8
	2 3+50N 3 3+25N	probe overburden & prospec	t 1 1	10
	3+35N @ 95W	11 11	2	8 8

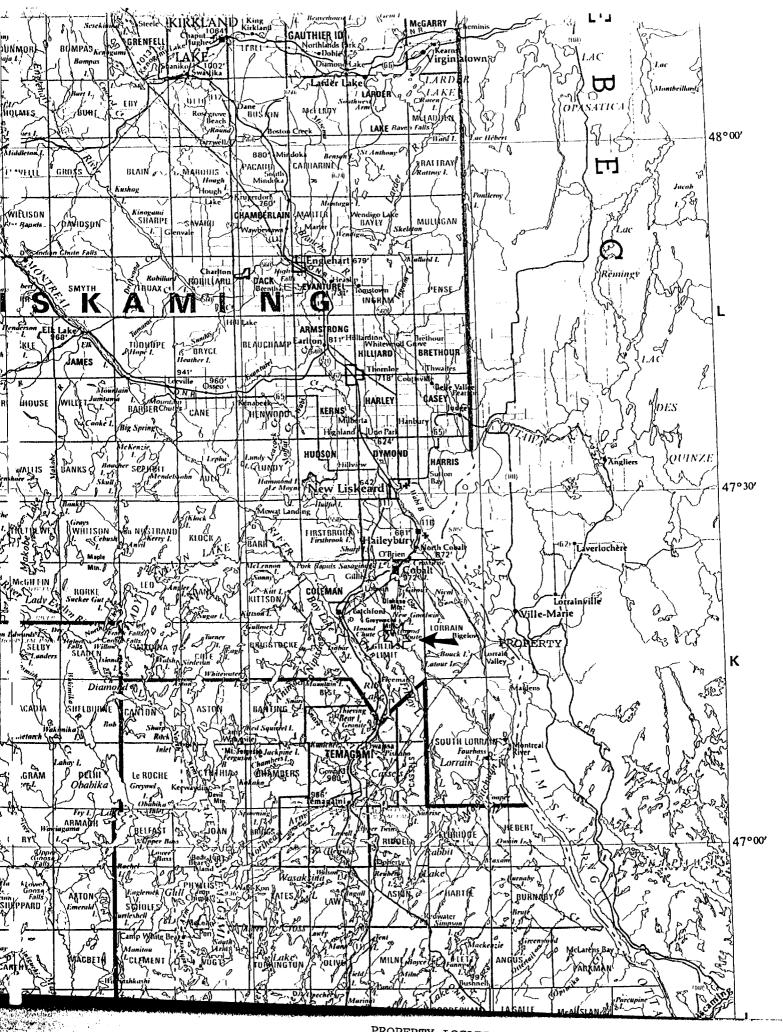
Oct. 5	3+35N @ 95W (Pit 96-2)	clearing overburden to 3'	2	12
6	11	11 11 11	2	8
7	n	11 11 11	1	10
8	3+35N @ 90W (Pit 96-3)	<pre>clearing overburden to 4' (by hand)</pre>	1	9
9	11	11 11 11	1	8
10	3+30N @ 90W			
	(Pit 96-4)	digging by hand	1	10
11	11	II II	1	10
21	11	и п	1	10
22	Pit 96-2	drilling	1	8
23	11	"	1	10
24	11	11	1	10
25	Pit 96-3	11	2	10
26	11	11	2	11
27	Pits 96-3 & 96-2	drill & blast	2	10
28	Pit 96-2	mucking out	1	12
29	н	11	1	8
30	Pit 96-3	11 11	1	10
31	H .	II II	1	11
Nov. 01	Pits 96-1, 2, 3	washing out & sampling	2	8
02	Pit 96-3	drill & blast	2	12
03	II .	muck out & sample	2	
04	5+70N @ 90W	stripping by hand	1	8 9 8
05	5+70N @ 95W	11 11 11	1	8
06	5+70N @ 100W	II II	1	12
07	Trench 96-5	drilling	1	
08	11	u .	2	8
09	TI .	II .	2	9 8 8
10	f1	drill & blast	2	8
11		demobilization	1	12

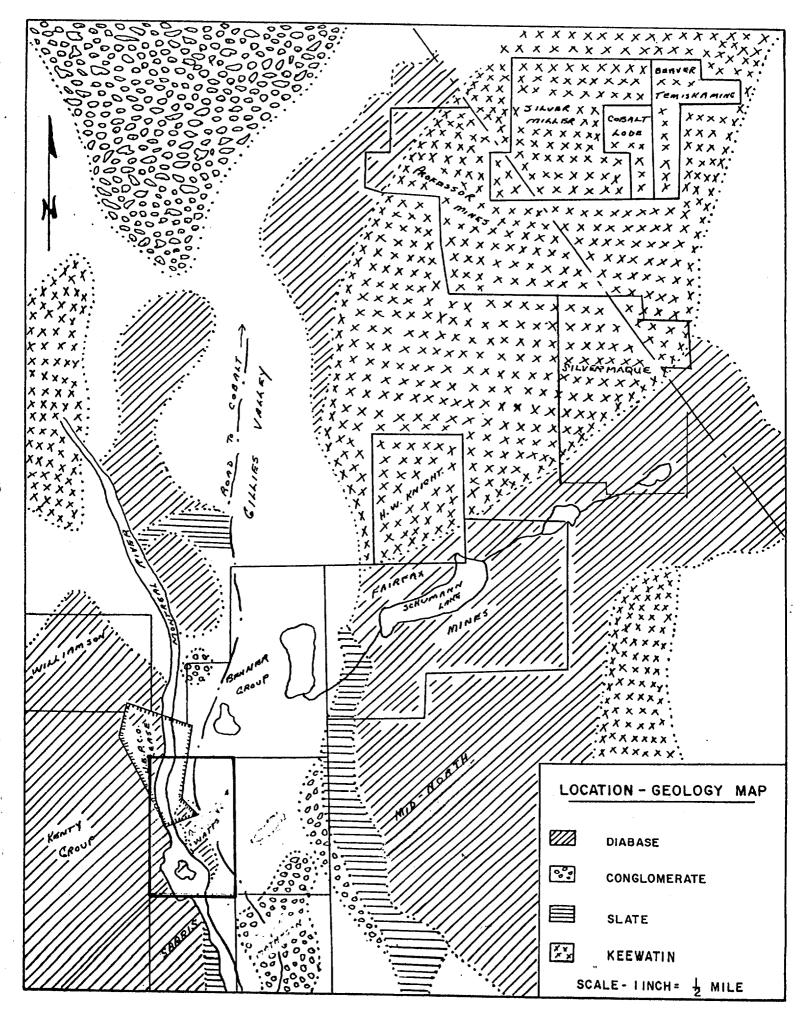
Persons working:

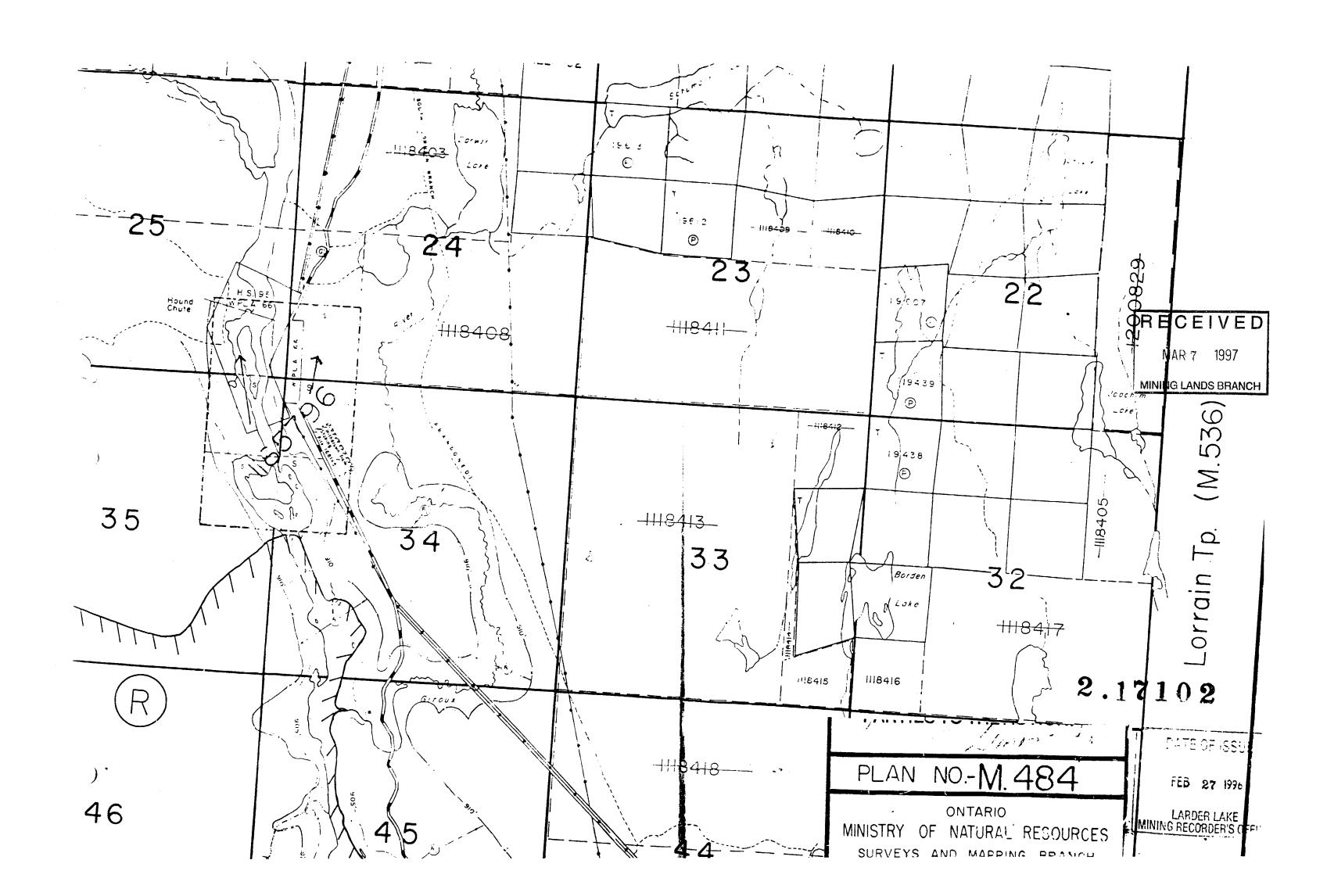
Harold Watts	Aug. 25 - Nov. 11	628 hrs.
Carolyn Davis	Aug. 25 - Nov. 11	241 hrs.
Colby Watts	Aug. 25 - Sept. 2	97 hrs.

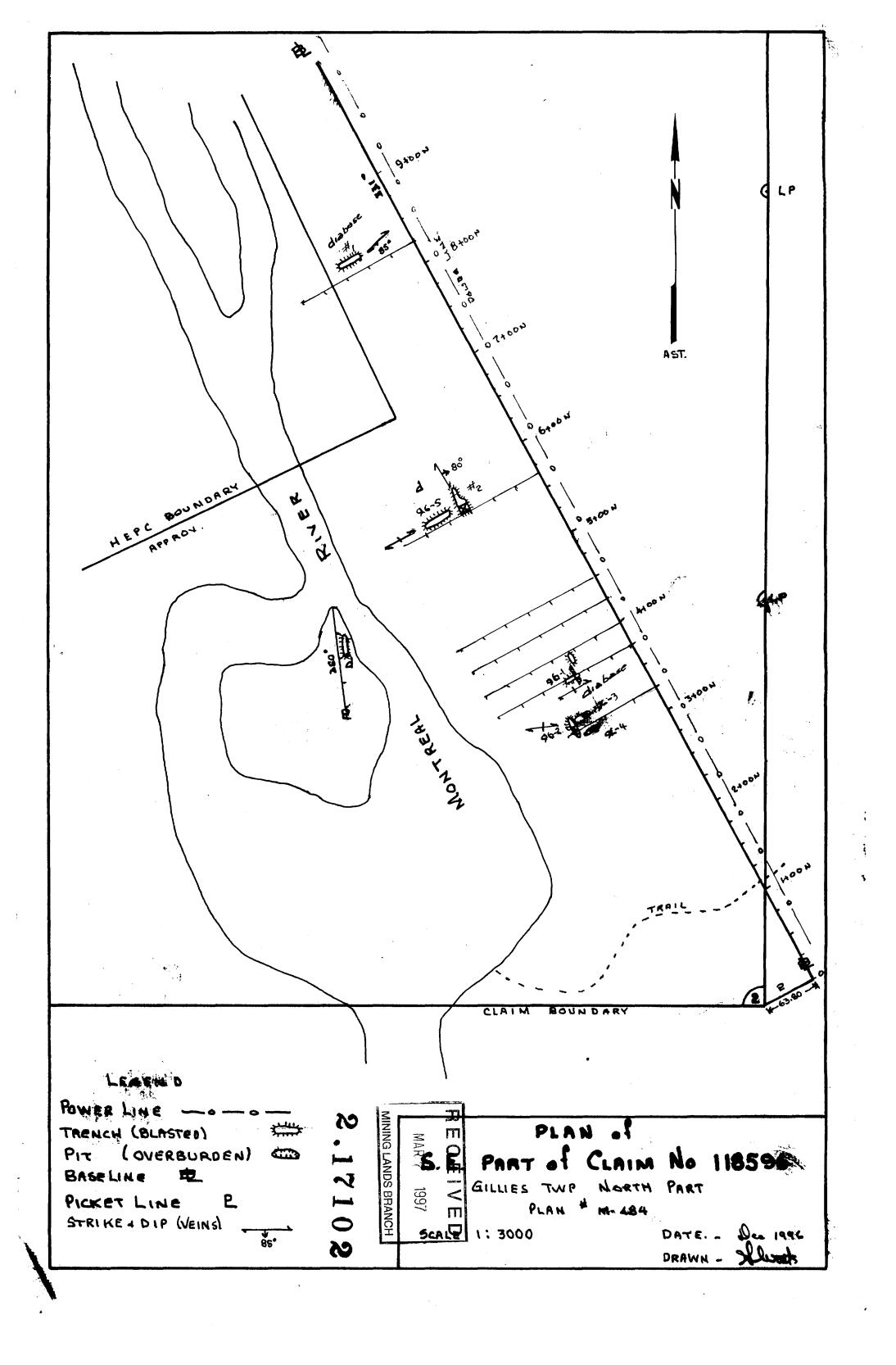
Equipment & Personnel Costs:

Pionjar Plugger	14 days @ \$30/day	\$ 420.00
Harold Watts	628 hours @ \$15/hour	\$ 9,420.00
Colby Watts	97 hours @ \$ 5/hour	\$ 485.00
Carolyn Davis	241 hours @ \$10/hour	\$ 2,410.00











Report of Work Conducted After Recording Claim

Transaction Number	
W9780.00112	

Mining Act

Personal information collected on this form is obtained under the authority of the Mining Act. This information will be used for correspondence. Questions about this collection should be directed to the Provincial Manager, Mining Lands, Ministry of Northern Development and Mines, Fourth Floor, 159 Cedar Street, Sudbury, Ontario, P3E 6A5, telephone (705) 670-7264.

Instructions



Work Group. 900 duplicate.

_ ..., ...ust accompany this form.

		2
Recorded Holder(s) HAROLD A. WATTS		Client No. 707094
Address #2, HAWKESTONE, ONTARIO LOL 1	lT0	Telephone No. 705-487-3523
Mining Division LAKE	Township/Area GILLIES LIMIT, NORTH PART	M or G Plan No. M-484
Dates Work From: AUGUST 25, 1996 Performed	To: NOVEMBER 11,	1996

Work Performed (Check One Work Group Only)

Work Group		Туре
Geotechnical Survey		
Physical Work, Including Drilling	PROSPECTING, SOUNDING BAR, GRUB HOE, STRIPPING & TRENCHING MANUALLY, DRILL	
Rehabilitation		RECEIVE
Other Authorized Work		RECEIVED
Assays	NOT RETURNED YET	MAR 0 7 1997
Assignment from Reserve		MINING LANDS BRANCH

Total Assessment Work Claimed on the Attached Statement of Costs

15,887.00

Note: The Minister may reject for assessment work credit all or part of the assessment work submitted if the recorded holder cannot verify expenditures claimed in the statement of costs within 30 days of a request for verification.

Persons and Survey Company Who Performed the Work (Give Name and Address of Author of Report)

Addaga
Address
R. R. #2, HAWKESTONE, ONTARIO LOL 1TO (AUTHOR)
R. R. #2, HAWKESTONE, ONTARIO LOL 1TO
1453 BETHANY LANE, GLOUCESTER, ONTARIO

(attach a schedule if necessary)

Certification of Beneficial Interest * See Note No. 1 on reverse side

report were recorded in the current holder's name or held under a beneficial interest by the current recorded holder.		I certify that at the time the work was performed, the claims covered in this work report were recorded in the current holder's name or held under a beneficial interest by the current recorded holder.	Date JANUARY 30/97	Recorded Hoder or Agent (Signature)	•
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ertification of Work Report

outinoution of more in	bair	
I certify that I have a personal its completion and annexed i		rk report, having performed the work or witnessed same during and/or after
Name and Address of Person Co HAROLD A. WAT	• -	
Telepone No. (705) 487-3523	JANUARY 30, 1997	Certified By (Signature)
For Office Use Only	Δ	1

۲	OF	U	TH	:e	Use	U	nıy

		Mc r·va	promoting to the same
Total Value Cr. Recorded	Date Recorded	Mining/Recorder /	Received Stamp ARDER LAKE
\$12,000	Feb. 20/97	Sindston sant.	MINING DIVISION
•	Deemed Approval Date	Mate Approved	FEB 20 1997
reserve	11/ag al/11		
43,887	Date Notice for Amendments Sent		10:39~.
			1

0241 (03/91)

MAU . 107

I certify that the recorded holder had a beneficial interest in the patented or leased land at the time the work was performed.	Signature	Date JANUARY 30/97
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Ministry of Northern Development and Mines

Ministère du Développement du Nord et des mines

Statement of Costs for Assessment Credit

État des coûts aux fins du crédit d'évaluation

Mining Act/Loi sur les mines

Transaction No./N° de transaction
W9780,00//2

2.17102

Personal information collected on this form is obtained under the authority of the **Mining Act**. This information will be used to maintain a record and ongoing status of the mining claim(s). Questions about this collection should be directed to the Provincial Manager, Minings Lands, Ministry of Northern Development and Mines, 4th Floor, 159 Cedar Street, Sudbury, Ontario P3E 6A5, telephone (705) 670-7264.

Les renseignements personnels contenus dans la présente formule sont recueillis en vertu de la **Loi sur les mines** et serviront à tenir à jour un registre des concessions minières. Adresser toute quesiton sur la collece de ces renseignements au chef provincial des terrains miniers, ministère du Développement du Nord et des Mines, 159, rue Cedar, 4º étage, Sudbury (Ontario) P3E 6A5, téléphone (705) 670-7264.

1. Direct Costs/Coûts directs

		• 2	630.
Location de matériel	CANOE & MOTOR	210.0	p
Equipment Rental	Type PLUGGER (GAS)	420.0	D
	PROPANE	209.5	1211.7
	GAS & OIL	202.2	•
utilisées	DRILL STEEL & BI	TS 125.0	þ
Supplies Used Fournitures	Type EXPLOSIVES	675.0)
Droits de l'entrepreneur et de l'expert- conseil			
Contractor's and Consultant's Fees	Type REPORT WRITIN	\$ 500.0	
	Field Supervision Supervision sur le terrain		12815.0
Wages Salaires	Labour Main-d'oeuvre	2895.0)
Туре	Description	Amount Montant	Totals Total global

2. Indirect Costs/Coûts Indirects

** Note: When claiming Rehabilitation work Indirect costs are not allowable as assessment work.

Pour le remboursement des travaux de réhabilitation, les coûts indirects ne sont pas admissibles en tant que travaux d'évaluation.

Туре	Type Description Amount Montant			
Transportation Transport	PICK-UP			
	CANOE		-	
·	4X4 ATV			
Food and Lodging Nourriture et hébergement	GROCERIES, I	MEALS	993.25	
Mobilization and Demobilization Mobilisation et démobilisation	750 KMS J .	30	237.00	
		of Indirect Costs coûts indirects	1230.25	
	(not greater than 209 e (n'excédant pas 20)	
Total Value of Asse (Total of Direct and indirect costs)	Allowable d'é	ieur totale du crédit valuation tal des coûts directs ndirects admissibles	15887.0	

Note: The recorded holder will be required to verify expenditures claimed in this statement of costs within 30 days of a request for verification. If verification is not made, the Minister may reject for assessment work all or part of the assessment work submitted.

Note: Le titulaire en legistré sera tenu de ventier es capen ses demandées dans le présent était les douts dans les solves subsain une demande à cet effet. Si la vérification n'est pas effectuée, le ministre peut rejeter tout ou une partir des travaux d'évaluation présentés.

Filing Discounts

- Work filed within two years of completion is claimed at 100% of the above Total Value of Assessment Credit.
- Work filed three, four or five years after completion is claimed at 50% of the above Total Value of Assessment Credit. See calculations below:

Total Value of Assessment Credit	Total Assessment Claimed
× 0.50 =	

Remises pour depât MINING LANDS BRANCH

- Les travaux déposés dans les deux ans suivant leur achèvement sont remboursés à 100 % de la valeur totale susmentionnée du crédit d'évaluation.
- Les travaux déposés trois, quatre ou cinq ans après leur achèvement sont remboursés à 50 % de la valeur totale du crédit d'évaluation susmentionné. Voir les calculs ci-dessous.

Valeur totale du crédit d'évaluation	Évaluation totale demandée
× 0,50 =	

Certification Verifying Statement of Costs

I hereby certify:

that the amounts shown are as accurate as possible and these costs were incurred while conducting assessment work on the lands shown on the accompanying Report of Work form.

	RECORDED HOLDER	
that as	(Recorded Holder, Agent, Position in Compar	I am authorized

to make this certification

Attestation de l'état des coûts

J'atteste par la présente :

que les montants indiqués sont le plus exact possible et que ces dépenses ont été engagées pour effectuer les travaux d'évaluation sur les terrains indiqués dans la formule de rapport de travail ci-joint.

Et	qu'à titre d	е			io	suis	autorise
	(titulaire	enregistré,	représentant,	poste occupé	dans la co	mpagni	e)

à faire cette attestation.

Λ	
Signature C	Date
Mirath	JANUARY 30/97

Nota : Dans cette formule, lorsqu'il désigne des personnes, le masculin est utilisé au sens neutre.

Ministry of Northern Development and Mines Ministère du Développement du Nord et des Mines

April 23, 1997

Roy Spooner Mining Recorder 4 Government Road East Kirkland Lake, ON P2N 1A2



Geoscience Assessment Office 933 Ramsey Lake Road 6th Floor Sudbury, Ontario P3E 6B5

Telephone:

(705) 670-5853

Fax:

(705)

670-5863

Dear Sir or Madam:

Submission Number: 2.17102

Status

Subject: Transaction Number(s): W9780.00112 Approval

We have reviewed your Assessment Work submission with the above noted Transaction Number(s). The attached summary page(s) indicate the results of the review. WE RECOMMEND YOU READ THIS SUMMARY FOR THE DETAILS PERTAINING TO YOUR ASSESSMENT WORK.

If the status for a transaction is a 45 Day Notice, the summary will outline the reasons for the notice, and any steps you can take to remedy deficiencies. The 90-day deemed approval provision, subsection 6(7) of the Assessment Work Regulation, will no longer be in effect for assessment work which has received a 45 Day Notice.

Please note any revisions must be submitted in DUPLICATE to the Geoscience Assessment Office, by the response date on the summary.

NOTE: This correspondence may affect the status of your mining lands. Please contact the Mining Recorder to determine the available options and the status of your claims.

If you have any questions regarding this correspondence, please contact Lucille Jerome by e-mail at jerome_I@torv05.ndm.gov.on.ca or by telephone at (705) 670-5858.

Yours sincerely,

ORIGINAL SIGNED BY Ron C. Gashinski

Senior Manager, Mining Lands Section

ncodal.

Mines and Minerals Division

Work Report Assessment Results

Submission Number: 2.17102

Date Correspondence Sent: April 23, 1997 Assessor: Lucille Jerome

Transaction Number First Claim Number

Township(s) / Area(s)

Status

Approval Date

W9780.00112

1185796

GILLIES LIMIT

Approval

April 18, 1997

Section:

10 Physical PMAN

Correspondence to:

Mining Recorder Kirkland Lake, ON

Resident Geologist Cobalt, ON

Assessment Files Library Sudbury, ON

Recorded Holder(s) and/or Agent(s):

HAROLD A WATTS HAWKESTONE, Ontario

