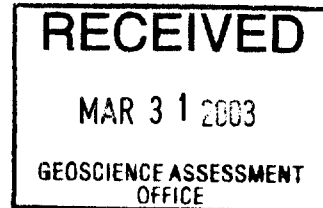


REPORT OF PROSPECTING ACTIVITIES

2002 SEASON

CLAIM NO. 1185796

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



Prepared by:

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P.O. Box 136
Latchford, Ontario P0J 1N0
(705) 676-2081

March 24, 2003



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 $47^{\circ} 18'$ and west longitude $79^{\circ} 49'$ 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

"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." (as quoted from assessment report dated January 29, 1997)

Pit 96-3 located at Grid 3 + 35N @ 90W was extended by hand tools 28 feet longer. Before blasting operations could be carried out to expose the vein, a heavy snowfall (10") occurred which made it impossible to conduct blasting operations. The -10° temperature froze everything in place, making it impossible to drill.

Location and dimensions of pits and trenches

<u>Pit or Trench</u>	<u>Grid</u>	<u>Size</u>
Pit 96-3	3+35N @ 90W to 75W	3'd x 4'w x 40'l

Equipment

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.

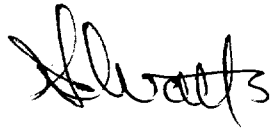
Drilling done in the past was too shallow and therefore not conclusive.

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. Trenches 96-2 and 96-3 should be followed-up by a comprehensive diamond drilling program.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "H. W. W. W.", written in a cursive style.

WORK LOG

Date	Work Area	Type of Work	No. Persons	Hours
2002				
Oct. 30 overcast -6°	Pit 96-3	digging trench	2	10
Oct 31 overcast -5°	Pit 96-3	digging trench	2	10
Nov. 1 Snowing -7°	Pit 96-3	digging trench	2	6

Persons working:

H. Watts	Oct 30, 31, Nov 1 incl.	26 hours
C. Davis	Oct 30, 31, Nov. 1 inc.	26 hours

Costs:

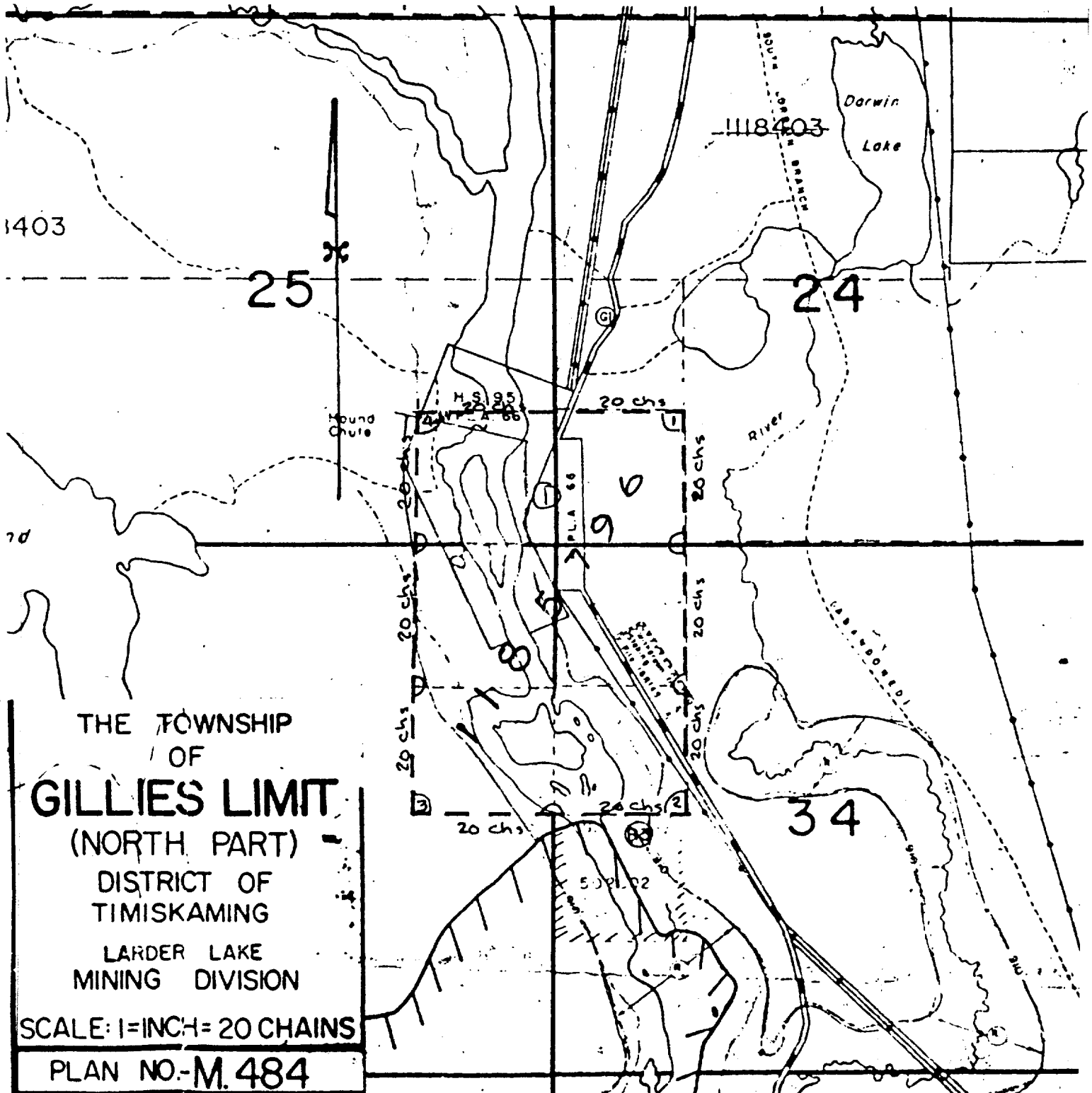
H. Watts	26 hours @ \$40.00 =	\$ 1,040.00
C. Davis	26 hours @ \$25.00 =	\$ 660.00

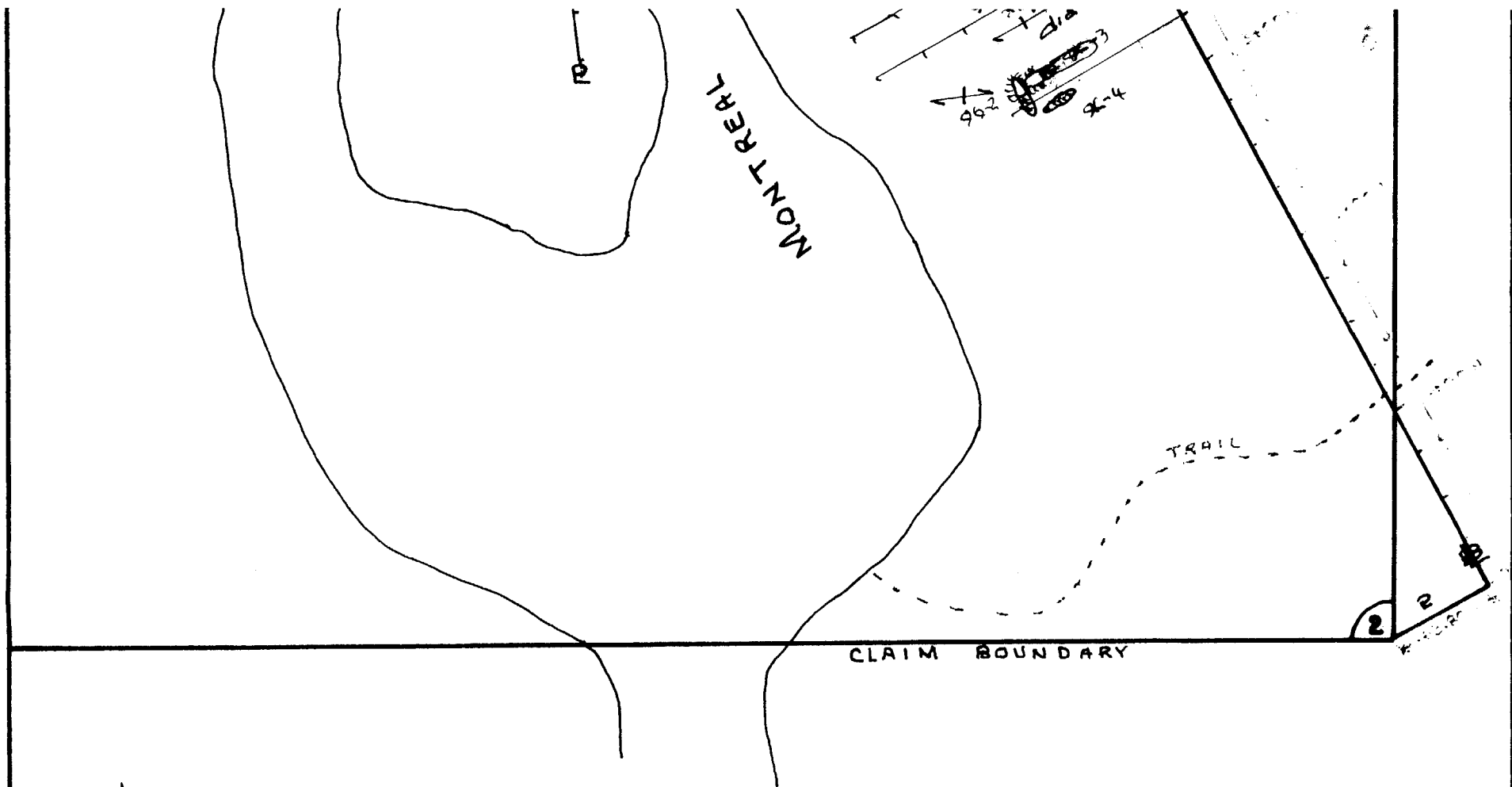
Group Sketch of claims listed on Part A.

Sketch or plan of the mining claim(s) must show the corner posts, witness posts, and line posts and the distances between the posts in metres.




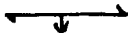
Include topographic features such as lakes, rivers, creeks, ponds, etc. and developments such as hydro lines, highways, railways, pipelines, buildings, etc.

Refer to sample sketch on Part C.





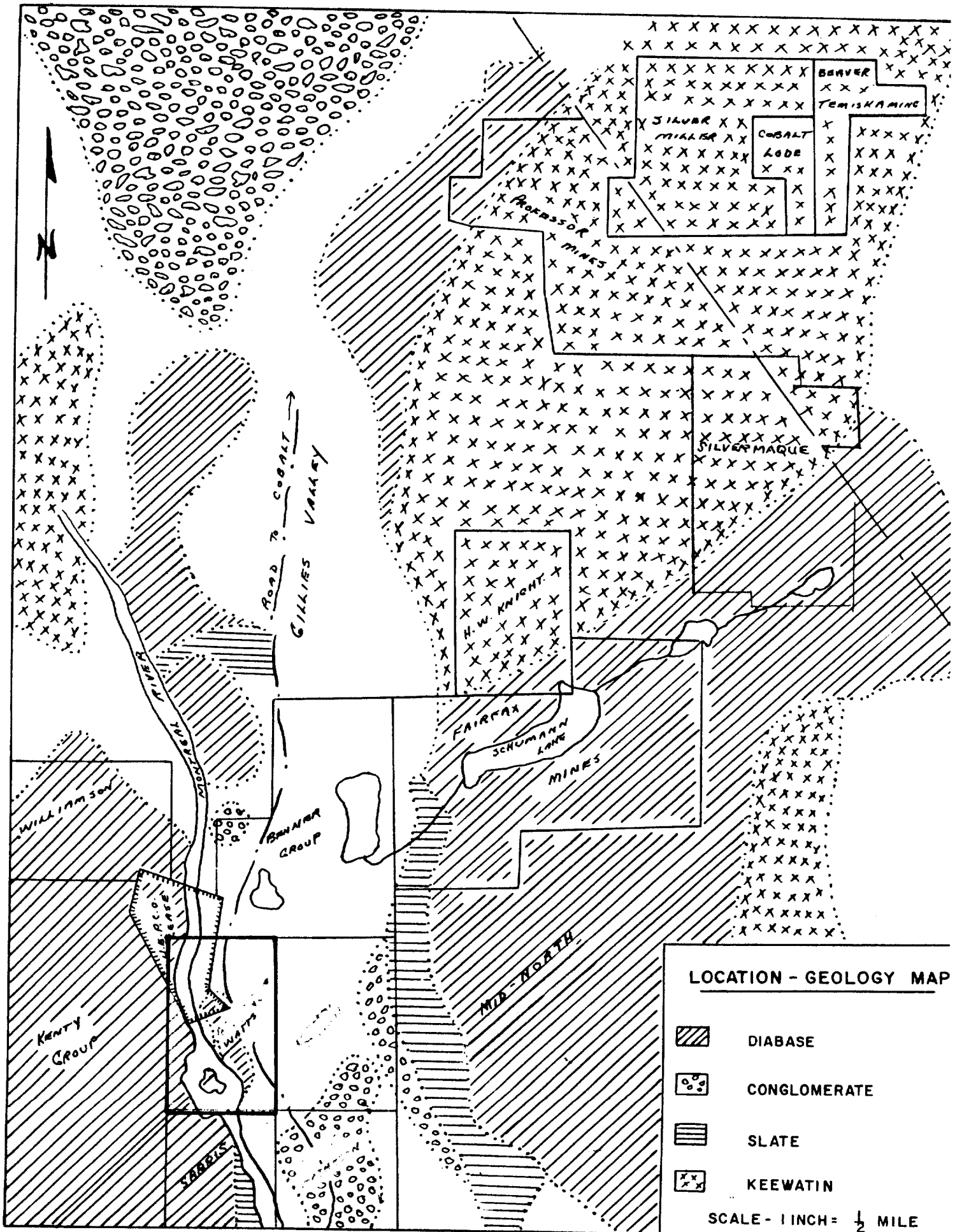
LEGEND

- POWER LINE —○—○—
- TRENCH (BLASTED) 
- PIT (OVERBURDEN) 
- BASELINE 
- PICKET LINE P
- STRIKE + DIP (VEINS)  85°

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

SCALE 1:3000
 Revised Mar/03

DATE - Dec 1996
 DRAWN - *Shelton*



Ministry of
Northern Development
and Mines

Ministère du
Développement du Nord
et des Mines



Date: 2003-APR-01

GEOSCIENCE ASSESSMENT OFFICE
933 RAMSEY LAKE ROAD, 6th FLOOR
SUDBURY, ONTARIO
P3E 6B5

HAROLD A WATTS
P.O. BOX 136
LATCHFORD, ONTARIO
P0J 1N0 CANADA

Tel: (888) 415-9845
Fax: (877) 670-1555

Submission Number: 2.25279
Transaction Number(s): W0380.00505

Dear Sir or Madam

Subject: Approval of Assessment Work

We have approved your Assessment Work Submission with the above noted Transaction Number(s). The attached Work Report Summary indicates the results of the approval.

At the discretion of the Ministry, the assessment work performed on the mining lands noted in this work report may be subject to inspection and/or investigation at any time.

If you have any question regarding this correspondence, please contact STEVEN BENETEAU by email at steve.beneteau@ndm.gov.on.ca or by phone at (705) 670-5855.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "Ron Gashinski".

Ron Gashinski
Senior Manager, Mining Lands Section

Cc: Resident Geologist

Harold A Watts
(Claim Holder)

Assessment File Library

Harold A Watts
(Assessment Office)

Date / Time of Issue: Mon Mar 31 14:07:03 EST 2003

TOWNSHIP / AREA
GILLIES LIMIT NORTH

PLAN
G-3429

ADMINISTRATIVE DISTRICTS / DIVISIONS

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

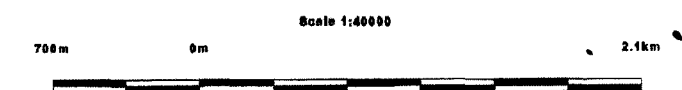
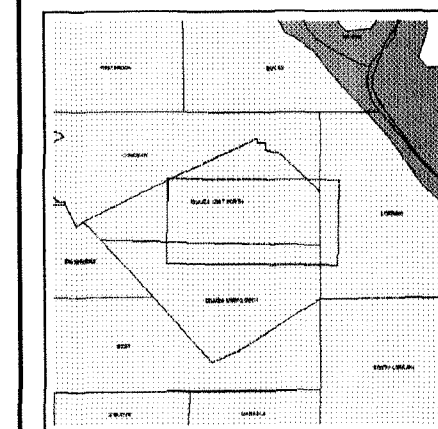
Larder Lake
TIMISKAMING
NORTH BAY

TOPOGRAPHIC

- Administrative Boundaries
- Township
- Concession, Lot
- Provincial Park
- Indian Reserve
- Cliff, Pit & Pile
- Contour
- Mine Shafts
- Mine Hoistframe
- 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
 - 1234567
 - Filed 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
 - Wsm Surface And Mining Rights Withdrawn
 - Ws Surface Rights Only Withdrawn
 - Wm Mining Rights Only Withdrawn
- IMPORTANT NOTICES

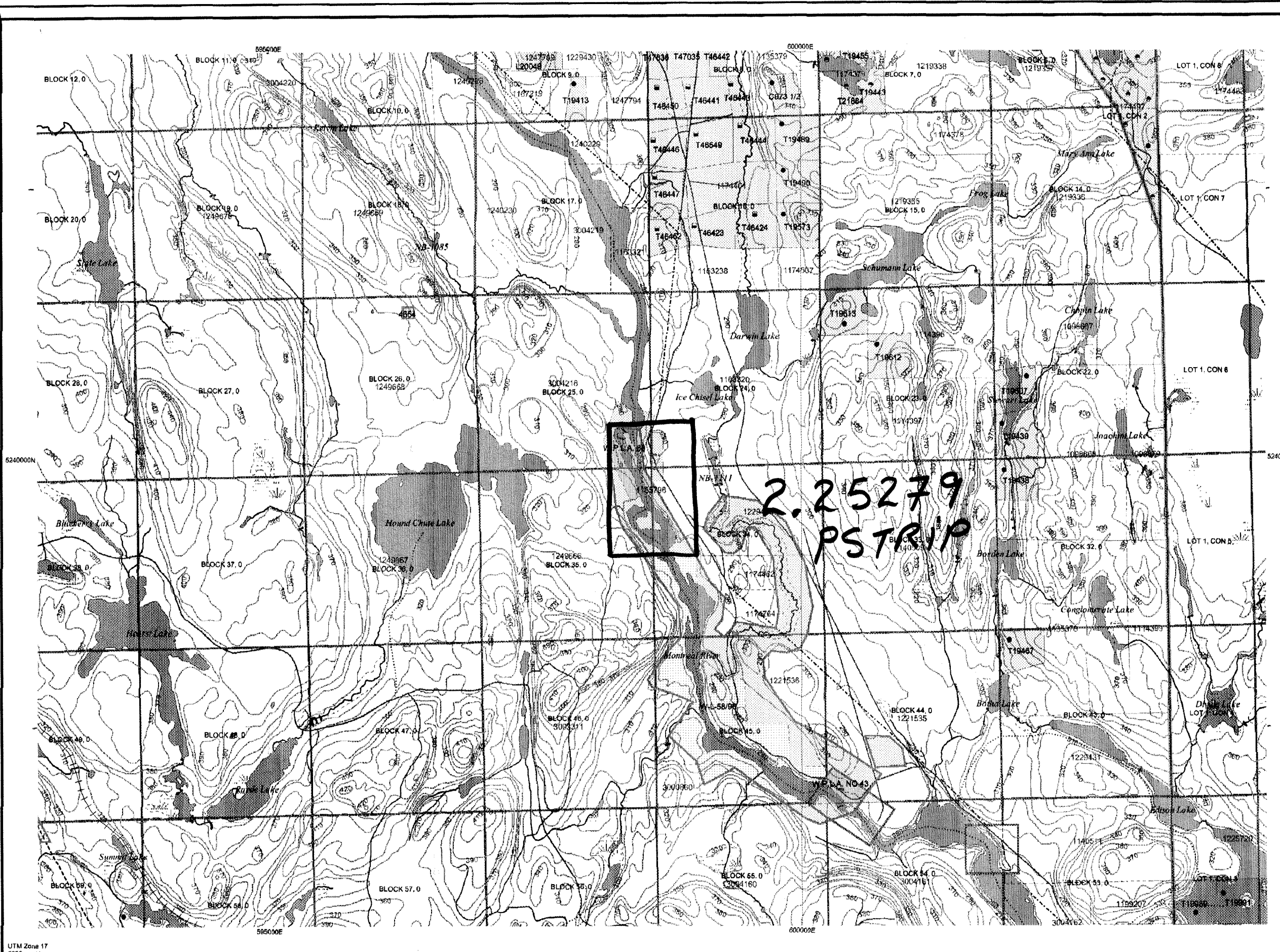


LAND TENURE WITHDRAWAL DESCRIPTIONS

Identifier	Type	Date	Description
-	Wsm	Jul 10, 2001	- DISCREPANCIES IN TOWNSHIP FABRIC - Claim staking in these townships may
4854	Wsm	Jan 1, 2001	400 FT SURFACE RIGHTS RESERVATION ALONG THE SHORES OF ALL LAKES
4704	Wsm	Jan 1, 2001	400 FT SURFACE RIGHTS RESERVATION ALONG THE SHORES OF ALL LAKES
4708	Wsm	Jan 1, 2001	LAND USE PERMIT CANTEL TOWER
ConReserve	Wsm	Apr 6, 2001	Cliff Lake Conservation Reserve
W-L-56/96	Wsm	Sep 17, 1996	SEC.35 1690 W-L-56/96NER 17/09/96 M&S
W-L-58/96	Ws	Sep 17, 1996	SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L
W-L-59/96	Ws	Sep 17, 1996	W-L-58/96 NER SEPT 17/96 SRO ONT HYDRO
W-L-68/96	Ws	Sep 17, 1996	W-L-68/96 NER SEPT 17/96 SRO PIPELINE
W-ONT-63/96	Wsm	Sep 17, 1996	SEC 35/90 W-ONT-63/96 SEPT 17/96 M+S - Notice, this withdrawal area has now



31M05SE2051 2.25279 GILLIES LIMIT



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
 Willet Green Miller Centre 933 Ramsey Lake Road
 Sudbury ON P3E 8B5
 Home Page: www.mndm.gov.on.ca/MNDM/MINES/LANDS/mismnpg.htm

Toll Free
 Tel: 1 (888) 415-9345 ext 5788
 Fax: 1 (877) 670-1444

Map Datum: NAD 83
 Projection: UTM (6 degrees)
 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.