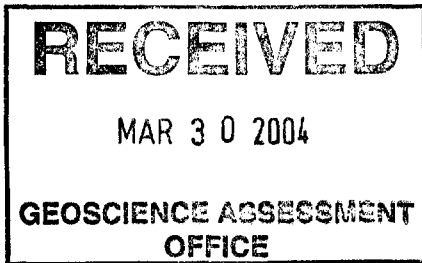


15 0 1 1 2 2

REPORT OF PROSPECTING ACTIVITIES
2003 SEASON

CLAIM NO. 1185796

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



Prepared by:

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

March 28, 2004



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 to a total of fifty-five feet in length.

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 at the east end
	and	7'd x 7'w at the west end
	and	
		the total length is now 55'

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.

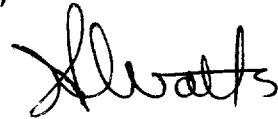
Drilling done in the past was too shallow and therefore not conclusive.

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. H. H.", written in a cursive style.

WORK LOG

Date	Work Area	Type of Work	No. Persons	Hours
------	-----------	--------------	----------------	-------

2003

Sept. 15 to Oct. 13 inclusive for a total of: 19 working days	Pit 96-3	digging trench	2	8 hrs/day 152 hours
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Persons working:

H. Watts	Sept. 15 to Oct 13 inclusive	152 hours
C. Davis	Sept 15 to Oct 13 (weekends only) (8 working days @ 8 hrs/day)	64 hours

Costs:

H. Watts	152 hours @ \$40.00 = \$6,080.00
C. Davis	64 hours @ \$25.00 = \$1,600.00

Magnetic Declination Used. 11°

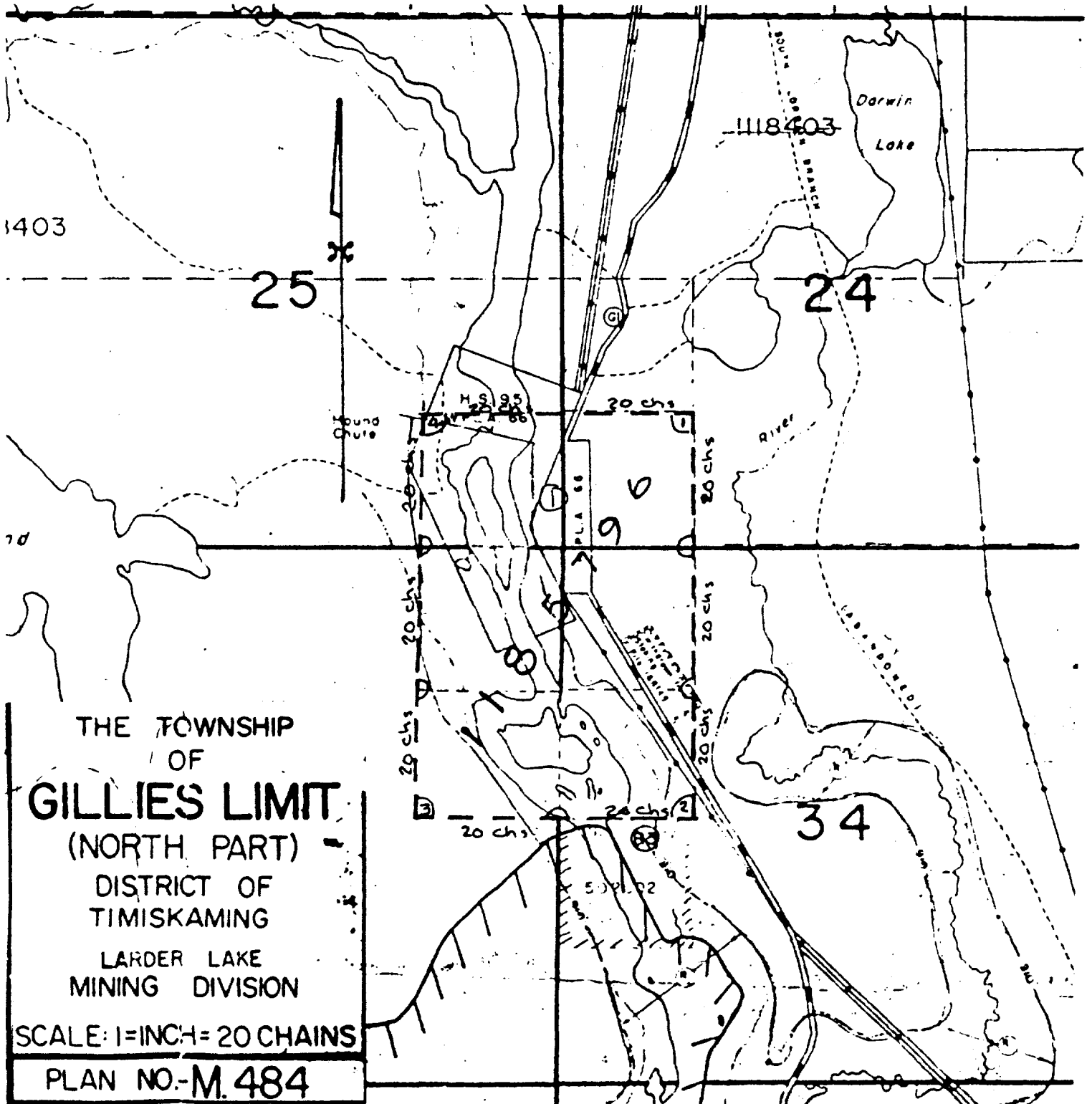
Scale: 1" = 20 chains

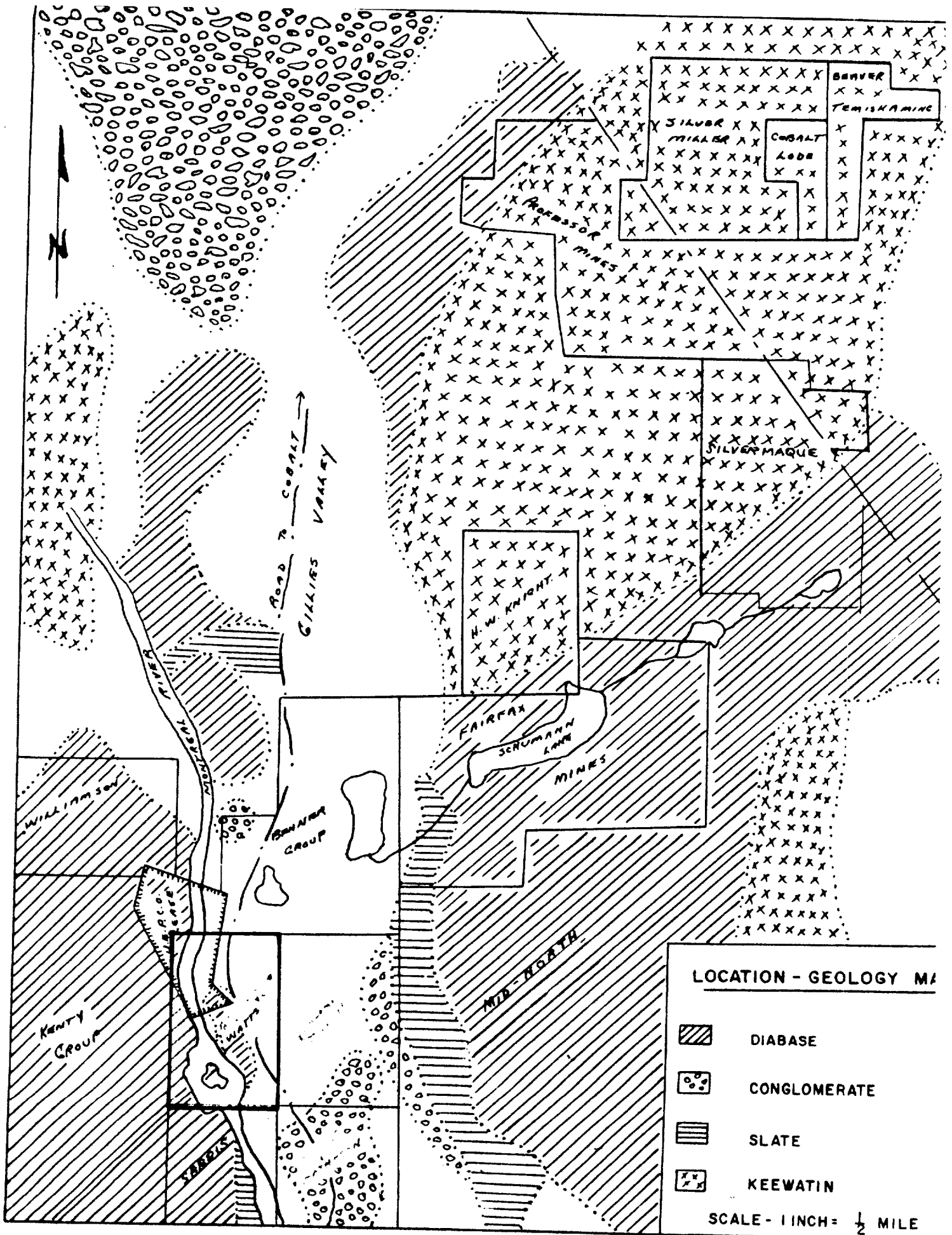
Group Sketch of claims listed on Part A.

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.





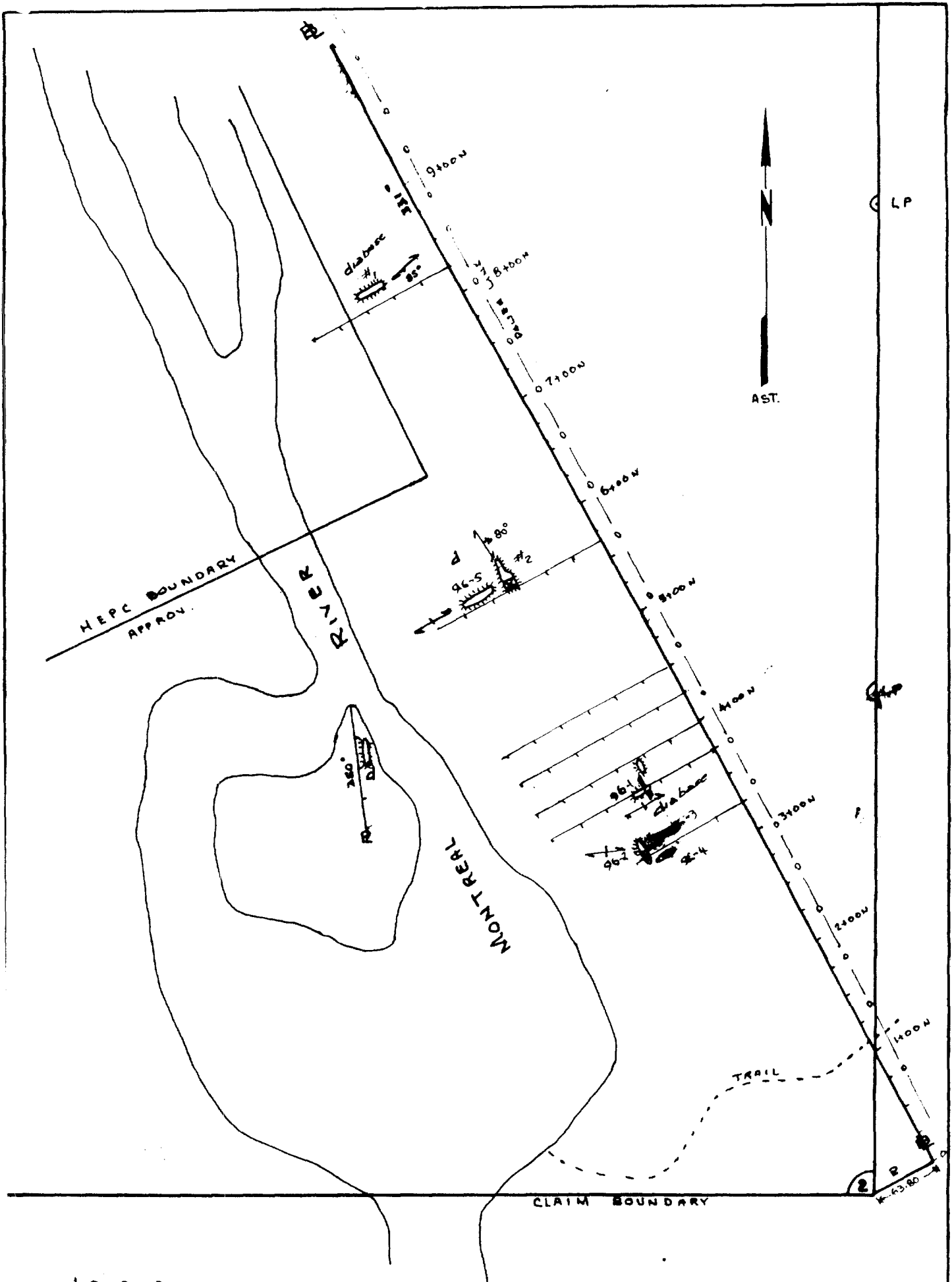
TRENCH
EXTENSION
FROM 96-3



FACING EAST



FACING WEST



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
 REVISED MAR. 2004 DRAWN - *Shelton*

Work Report Summary

Transaction No: W0480.00493 Status: APPROVED (D)
 Recording Date: 2004-MAR-30 Work Done from: 2003-SEP-15
 Approval Date: 2004-JUN-28 to: 2003-OCT-13

Client(s):
 207094 WATTS, HAROLD A

Survey Type(s):
 PTRNCH

Work Report Details:

Claim#	Perform	Perform Approve	Applied	Applied Approve	Assign	Assign Approve	Reserve	Reserve Approve	Due Date
L 1185796	\$7,680	\$7,680	\$7,680	\$7,680	\$0	0	\$0	\$0	2007-MAR-30
	\$7,680	\$7,680	\$7,680	\$7,680	\$0	\$0	\$0	\$0	

External Credits: \$0

Reserve: \$0 Reserve of Work Report#: W0480.00493

\$0 Total Remaining

Status of claim is based on information currently on record.



31M05SE2077 2.27422 GILLIES LIMIT

900

Ministry of
Northern Development
and Mines

Ministère du
Développement du Nord
et des Mines



Date: 2004-JUL-07

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: 2.27422
Transaction Number(s): W0480.00493

Dear Sir or Madam

Subject: Deemed Approval of Assessment Work

We have approved your Assessment Work Submission with the above noted Transaction Number(s) as per 6(7) of the Assessment Work Regulation. Only eligible assessment work is deemed approved for assessment work credit. The attached Work Report Summary indicates the results of the approval.

NOTE: The report has not been reviewed for technical deficiencies and reported expenses were not evaluated based on the Industry Standard.

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 that reads "Ron C Gashinski".

Ron C. 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 Jul 12 09:01:20 EDT 2004

TOWNSHIP / AREA **PLAN**
GILLIES LIMIT NORTH **G-3429**

ADMINISTRATIVE DISTRICTS / DIVISIONS

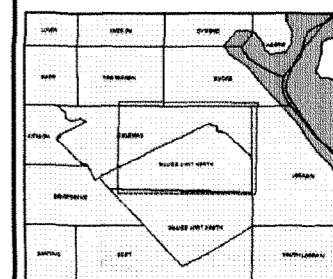
Mining Division **Larder Lake**
Land Titles/Registry Division **TIMISKAMING**
Ministry of Natural Resources District **NORTH BAY**

TOPOGRAPHIC

- Administrative Boundaries
- Township
- Concession Lot
- Provincial Park
- Indian Reserve
- Cliff Face Pole
- Contour
- Mine Shaft
- Mine Headframe
- Railway
- Road
- Trail
- Natural Gas Pipeline
- Utility
- Tower

Land Tenure

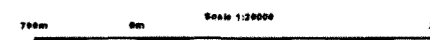
- Freehold Patent
- Surface And Mining Rights
- Surface Rights Only
- Mining Rights Only
- Leasehold Patent
- Surface And Mining Rights
- Surface Rights Only
- Mining Rights Only
- License of Occupation
- Open Field Specified
- Surface And Mining Rights
- Surface Rights Only
- Mining Rights Only
- Land Use Permit
- Order in Council (Not open for staking)
- Water Power Lease Agreement
- Mining Claim
- Filled Only Mining Claims



LAND TENURE WITHDRAWALS

- Areas Withdrawn from Disposition
- Mining Claims Withdrawn
- Order in Council Withdrawal Types
- Surface Rights Only Withdrawal
- Mining Rights Only Withdrawal
- Water Rights Only Withdrawal
- Very High Class Withdrawal

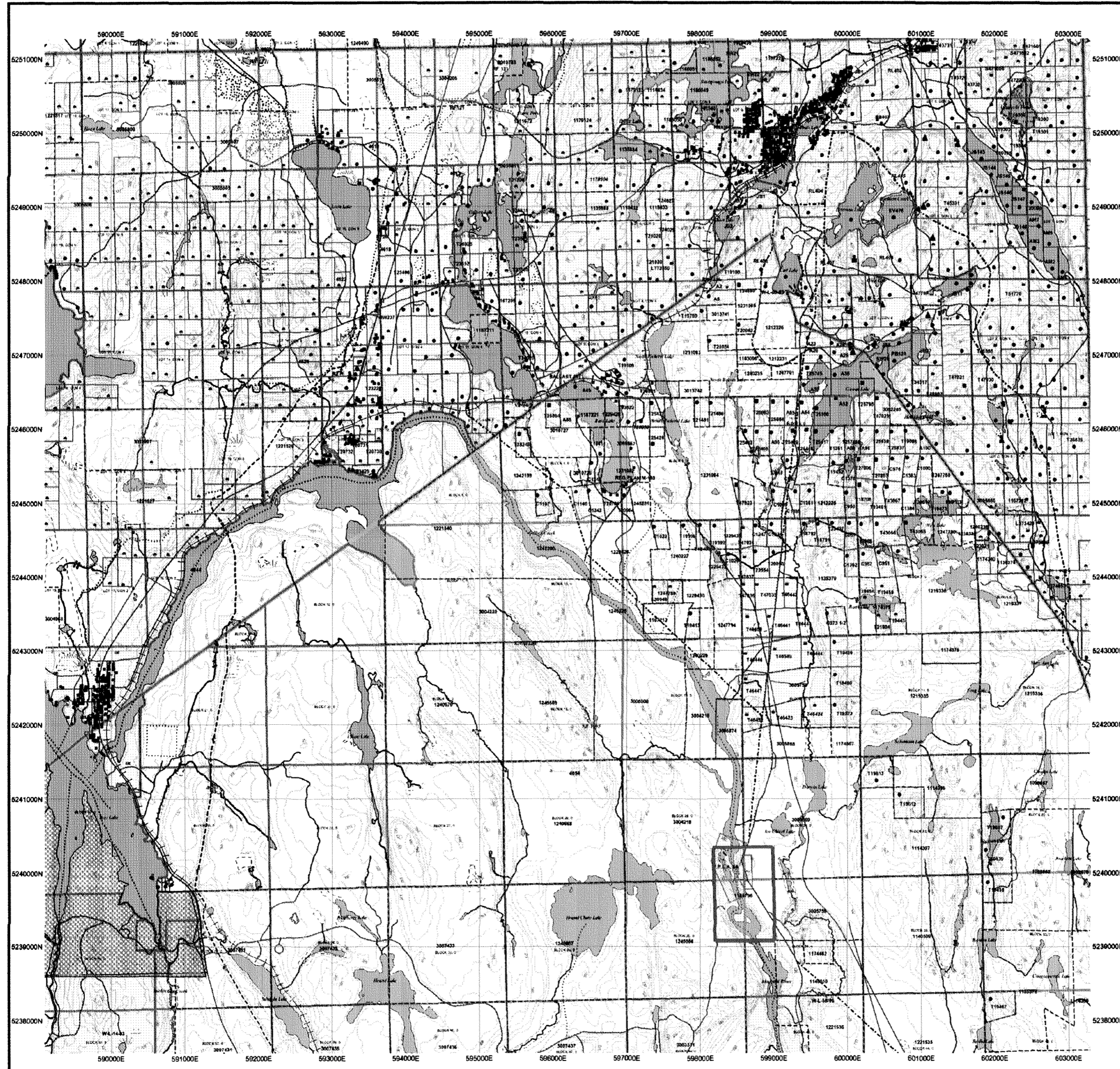
IMPORTANT NOTICES



LAND TENURE WITHDRAWAL DESCRIPTIONS

Withdrawal No.	Type	Date	Description
4882	Water	Jan 1, 2001	** DISCREPANCIES IN TOWNSHIP FABRIC - Claim staking in these locations must be done according to the Staking Regulations for staking in surveyed territory. STAKING OF MINING CLAIMS WITHIN TOWNSHIPS IS ONLY WITH CONSENT OF THE MINISTER
4883	Water	Jan 1, 2001	WITHDRAWN FROM STAKING
4884	Water	Jan 1, 2001	AP
4885	Water	Jan 1, 2001	AP
4886	Water	Jan 1, 2001	Q.P.
4887	Water	Jan 1, 2001	Q.P.
4888	Water	Jan 1, 2001	PENDING APPLICATION UNDER THE PUBLIC LANDS ACT MINING ACT (CLAUSE AUB)
4889	Water	Feb 16, 2003	PENDING APPLICATION UNDER THE PUBLIC LANDS ACT - FEB 16/03
4890	Water	Jan 1, 2001	SEC 30 1/2
4891	Water	Jan 1, 2001	FLOODING ON MONTREAL RIVER TO CONFORM ELEVATION 271.37M BY ONTARIO HYDRO FROM HOUND CHUTE TO TOWN OF LATCHFORD LOT 181
4892	Water	Jan 1, 2001	400 FT SURFACE RIGHTS RESERVATION ALONG THE SHORES OF ALL LAKES & RIVERS
4893	Water	Jan 1, 2001	400 FT SURFACE RIGHTS RESERVATION ALONG THE SHORES OF ALL LAKES & RIVERS
4894	Water	Jan 1, 2001	LAND USE PERMIT GANTEL TOWER
4895	Water	Apr 6, 2003	CBE LARDEE COMBINATION RESERVE
4896	Water	Feb 6, 2003	Sec. 35 W-5-09-03 M-3 2003/03/08 155150
4897	Water	Mar 4, 2003	Sec. 35 W-4-10-04 M-3 2003/03/08 155150
4898	Water	Apr 18, 2003	Withdrawal from prospecting, staking and lease or lease to prospect staking and lease while the Ministry of Transportation maintains the area as a potential aggregate site.
4899	Water	May 17, 1998	SEC 38 1/3 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4900	Water	May 17, 1998	SEC 38 1/3 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4901	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4902	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4903	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4904	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4905	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4906	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4907	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4908	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4909	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4910	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4911	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4912	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4913	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4914	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4915	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4916	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4917	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4918	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4919	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38
4920	Water	May 17, 1998	W-L-38 SURFACE RIGHTS WITHDRAWN FROM STAKING PROSPECTING BY ORDER W-L-38

2.27422
PTRNCH



UTM Zone 17
1000m grid

General Information and Limitations

This map may not show unregistered land tenure and interests in land including certain patents, leases, easements, rights of way, flooding rights, in-stream, or other forms of disposition of rights and interests from the Crown. Also certain land tenure and land use that is not registered or patented may not be shown on this map. This map is not intended for navigation. It is intended for general information only. The Province of Ontario is not responsible for any errors or omissions on this map. The Province of Ontario is not responsible for any errors or omissions on this map. The Province of Ontario is not responsible for any errors or omissions on this map.

3140552077 2.27422 GILLIES LIMIT

