

32D05NW0153 34 GARRISON

010

DIAMOND DRILLING

TOWNSHIP: GARRISON TWP.

REPORT NO: 34

WORK PERFORMED FOR: John Ross Moses

RECORDED HOLDER: Same as Above [xx]
: Other []

<u>Claim No.</u>	<u>Hole No.</u>	<u>Footage</u>	<u>Date</u>	<u>Note</u>
L 522595 &	HV-23	277'	July/87	(1) (2) (3)
L 522596	HV-24	251'	July/87	(1) (2) (3)
		<u>528</u>		

- Notes:
- (1) W8808.116, filed in Sept/88
 - (2) Certificate of Analysis (1 page) added from OMS 7-6-L-100, Aug 1989
 - (3) Refer to TORONTO file #63.5070 for diamond drilling summary.

REPORT ON THE PROPERTY
AND
EXPLORATION RESULTS
FOR
WINTERROAD RESOURCES LIMITED

WINTERROAD RESOURCES LIMITED

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I SUMMARY

Winteroad Resources Limited owns an 8 claim gold prospect in Garrison Township, Larder Lake Mining Division, Ontario. The claims have been surveyed and have had 5 years' assessment work performed. The claims could be taken to lease subject to resolution of patented surface rights over a portion of 2 claims.

The area has had a substantial amount of exploration dating back to before World War II. Exploration has been hampered by deep, pervasive overburden coverage over much of the area. Numerous occurrences of economic-grade gold mineralization have been encountered in the work to date, but other than a modest tonnage of production from the Buffonta property, adjoining east of Winteroad, there has not been a mineable deposit located.

Diamond drilling on the Winteroad property in 1983 and 1986 produced some very encouraging gold mineralization over good widths but the attitude of the mineralized zone was not established. Diamond drilling in 1987 has established that the gold mineralization is hosted by a carbonated, silicified breccia having a flat, 25-30°, northerly dip and apparently east-west strike. Continuity of mineralization has been drill-indicated in two zones and is open in a third. All zones are open to depth and not defined along strike. Economic grades of mineralization extend in thickness (width) from 2 to 10-12 feet.

Results of drilling to date have been very encouraging and warrant a major program of further exploration, mainly diamond drilling.

Costs of the proposed programs are:

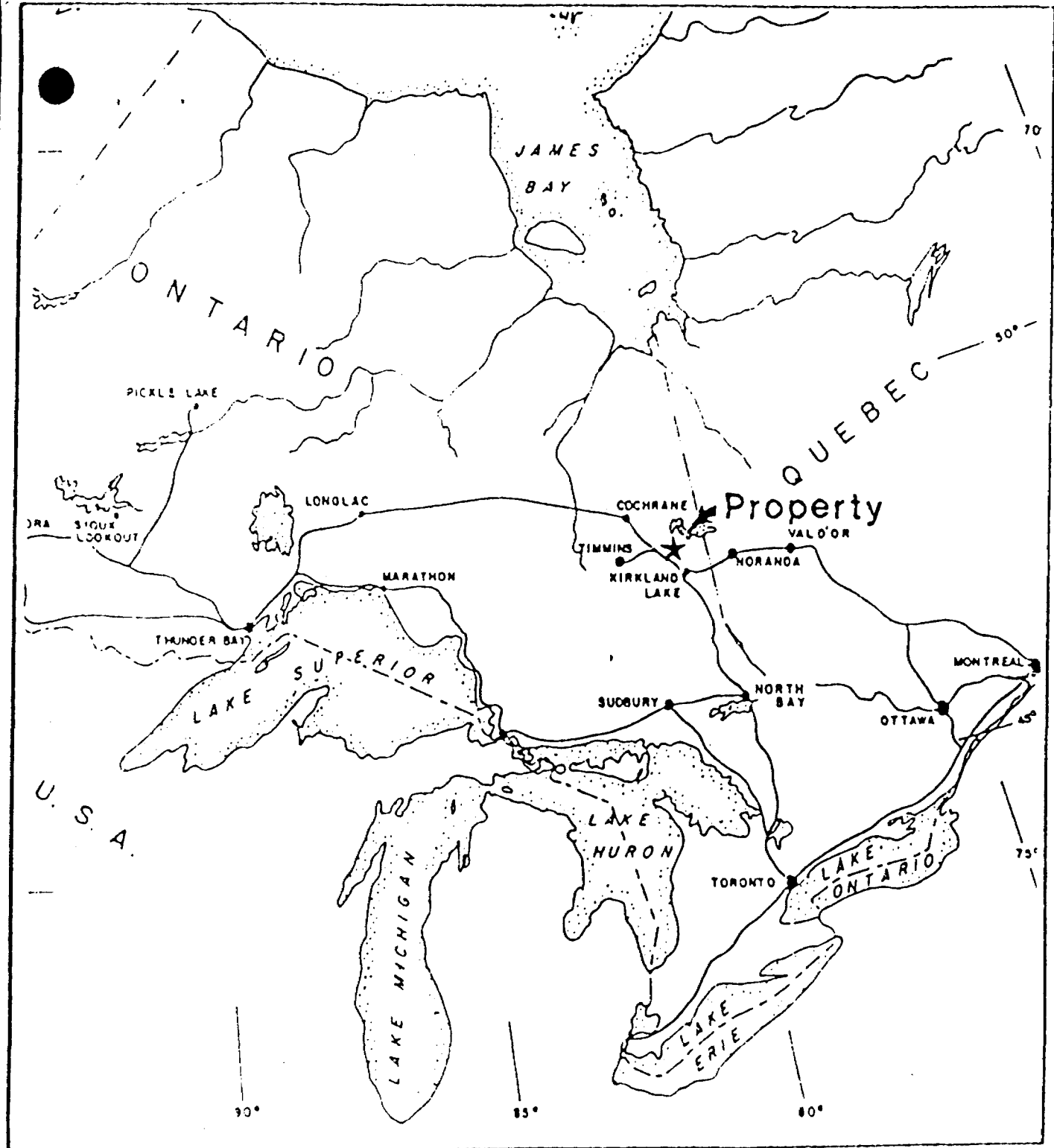
Phase I	\$ 800,000
Phase II	<u>750,000</u>
Total	<u><u>\$1,550,000</u></u>

II INTRODUCTION

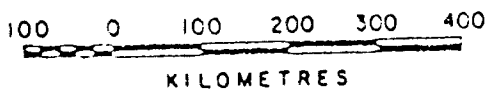
The writer was commissioned by Winteroad Resources Limited to prepare a report on their Garrison Township, Ontario gold prospect. The property consists of 8 staked mining claims, the surface rights to portions of 2 claims are patented and owned by two individuals.

The general area is being actively explored by a number of companies with American Barrick placing their property to the east into production. To the west of the property is Michaud Township, Falconbridge controls a property host to 1.1 million tons of 0.09 oz Au/ton and Moneta Porcupine Mines has a multi-million dollar exploration program underway. Immediately east of the property Lac Minerals has taken an option to earn a 50% interest by expenditure of \$2 million.

This report is based on examination of data on file with the Ministry of Natural Resources in Toronto relating to the regional geology and previous work in the area, on review of the Company's files, plans and sections, consultation with the Company's technical staff, examination of diamond drill core and a property visit by the writer.



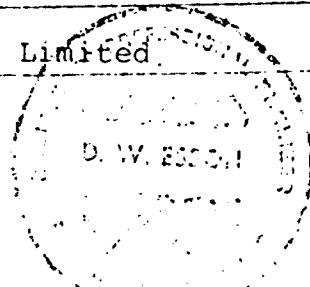
SCALE



Donald W. Esson Associates Limited

Winteroad Resources Limited

Location Map



September 1987

Plan = WR-37-1

III PROPERTY

III-1 Location and Local Services

The property is located approximately 25 miles east of Matheson and 23 miles north of Kirkland Lake in Garrison Township, District of Cochrane, Larder Lake Mining Division, Ontario.

The property is reached by travelling approximately 25 miles eastward from Matheson along Highway 101 to a point just past Twin Lakes. From here access to the property is gained by travelling south-southeast along a network of unmarked gravel roads for approximately 4 miles.

The Town of Matheson has a well developed infrastructure serviced by Highways 101 and 11 as well as the Ontario Northland Railway. Mining supplies, lumber, food and labour are available there. Water and timber for mining purposes are abundant on the property and in the immediate area.

III-2 Topography and Climate

The topography of the property is very gentle, almost flat, much of it covered by sand plains with occasional muskeg ponds. Having been logged in recent years the vegetation is immature for the most part.

The climate would be typical for northeastern Ontario with long, cold winters and relatively short but hot summers.

III-3 Status

The property consists of 8 staked mineral claims as follows:

<u>Claim No.</u>	<u>Assessment Work Due By</u>	<u>Recorded Owner</u>
L522593 to 522600 incl.	- 5 year assessment work recorded	Winteroad
	- 2nd extension to lease to January 8, 1988	Resources Limited

To keep unpatented mining claims in good standing in the Province of Ontario during the first year after recording, 20 days work must be performed and recorded, 40 days performed and recorded yearly for each of the next three years and 60 days work performed and recorded in the fifth year. Thereafter, and after surveying, the claims are required to be brought to a 21 year lease in the ensuing year with annual rents of \$1.00 per acre per year during the first year and \$0.25 per acre annually thereafter. If a lease is for mining rights only, the second and subsequent years' rental is at the rate of \$0.10 per acre. All of the Corporation's claims are in good standing at this date. Five extensions to lease are granted in the normal course in Ontario.

Surface rights to portions of claims 522594 and 522595 are patented and owned by two individuals. It is understood that the Company is discussing the purchase of these surface rights.

A portion of claim map G-3638, Township of Garrison, reproduced herein as Plan No. WR-87-2, shows the location of the claim group.

All the Company's claims have been surveyed and, with 5 years' work recorded, could be taken to lease, subject to the patented surface rights to parts of claims L522594 and L522595.

IV HISTORY OF EXPLORATION

GDIF 360 and J. Satterly (1949) provide details of the extensive amount of exploration conducted in Garrison Township. Satterly reports that by 1947 130,000 feet of diamond drilling had been completed. The bulk of this drilling would have been in the Destor-Porcupine fault zone, north of the Winteroad Property, where Lac Minerals, Cominco, Jonpol and others are actively exploring to date. The Buffonta property to the east of Winteroad, now under option to Lac Minerals, also has had extensive drilling and modest production from an open pit.

In 1939 Consolidated Mining and Smelting Co. held (and still retain) a group of claims on the Destor-Porcupine fault and a south group which included the subject property. In 1947 they performed a magnetometer survey and drilled 1,391 ft in 5 holes located one claim east of the most northerly Winteroad claims. No assays were reported.

In 1961 Golden Croesus Mines held the property and drilled one hole, No. 18 (see Diamond Drill Compilation Map, in pocket) to the west and slightly

south of the Winteroad drilling. This hole cut 757 ft of lavas with a possible alteration zone at 462 ft and from 475-500 ft but would have been under the new breccia zone discovered by Winteroad. No assays were reported. They also did a magnetometer and long-wire EM survey. This same company did hold the patented claims immediately east of Winteroad on which 8 holes are reported to have been drilled (private communication) with some significant values including 0.18 oz Au/T over 4.0 ft, 0.217 oz Au/T over 7.4 ft, 0.245 oz Au/T over 2 ft, 0.232 oz Au/T over 13.7 ft and 0.208 oz Au/T over 11.3 ft. These holes were on claim 13368 and would be on strike between the Buffonta pit and the Winteroad drilling, see Plan WR-87-3 herein.

In 1980, Windjammer Power and Gas held the subject property and claims extending west into Michaud Township. They performed geological mapping, trenching and mag and I.P. surveys. On the Garrison claims a "major NE-SW mag low" was reported crosscutting the regional E-W trend. No cause for this anomaly was reported and no IP anomalies were found other than in Michaud Township. The Garrison claims were allowed to lapse and on the Michaud claims 2 holes were drilled. These claims were optioned to Noranda who drilled 2 holes in 1983 with the best assay being 0.099 oz Au/T over 1.1 ft. Noranda retains this option.

Falconbridge has completed intensive exploration of the Garrison Creek properties tying onto the north of Winteroad and in Michaud Township. Mag and I.P. surveys were followed by extensive diamond drilling. The best value in Garrison Township was located in a quartz-vein in gabbro with "erratic values over the 900 ft wide altered zone in the Destor-Porcupine

fault zone". In Michaud Township the Ludgate Lake deposit was confirmed to host 1.1 million Tons of 0.09 oz Au/T.

To the east, the Buffonta property has been extensively diamond drilled and trenched by a number of operators over a number of years. Much of this work is not reported in public files as the property is patented. A small open pit on the property was much enlarged by Kerr-Addison in the 1980's and it is reported that 63,500 tons were shipped yielding 8,000 oz gold. In the 1960's a shaft was sunk to 100 ft west of the pit but no lateral development is known. In 1986 and 1987 the property was diamond drilled in a 40,000 foot program by Silverside Resources. It is understood that Lac Minerals has recently acquired an option to earn a 50% interest in the property by spending \$2.0 million over a 3 year period.

In 1985 Cream Silver Mines flew an airborne mag and VLF survey of their properties to the northeast of Winteroad. These surveys overflowed much of the Winteroad property. An east-west VLF conductor with coincident mag low was noted to cross claim 522597 and the adjoining Garrison Creek claims.

In 1986 Noranda drilled 4 holes in the southwest part of the Township near Dewhirst Lake. Massive to pillowed mafic volcanics were intersected with no assays reported.

V GEOLOGYV-1 Regional

The geology of Garrison Township is best described by J. Satterly (1949) including map 1949-1, Township of Garrison, Scale 1 inch equals 1,000 ft.

The majority of the Township is underlain by mafic volcanics, primarily andesites, pillow lava and diabasic lava. Top determinations of pillow lavas suggest that they face south, strike a little north of east and dip north. A band of sedimentary rocks cuts the northern part of the township in close spatial relationship with the Destor-Porcupine fault zone.

A large granitic intrusion approximately 2 miles in diameter is located in the centre of the Township and provides moderate relief, rising some hundred feet above the surrounding sand plains.

A few gabbroic intrusives crop out in the north of the Township and are associated with the only felsic volcanics known to occur.

Much of the area is covered by extensive overburden so the geology is imperfectly known.

Two major strike faults cut the north part of the area, the Munro fault zone is the most northerly while the Destor-Porcupine fault zone lies some 2,000 ft to the south. The latter fault zone is a major structure extending from west of Timmins into Quebec. It is associated with gold mineralization in

the Timmins camp to the west and with the newer gold deposits being brought into production in Harker and Holloway Townships to the east.

One major cross fault cuts the centre of the Township. Many other cross-faults and structural deformations are known from diamond drilling.

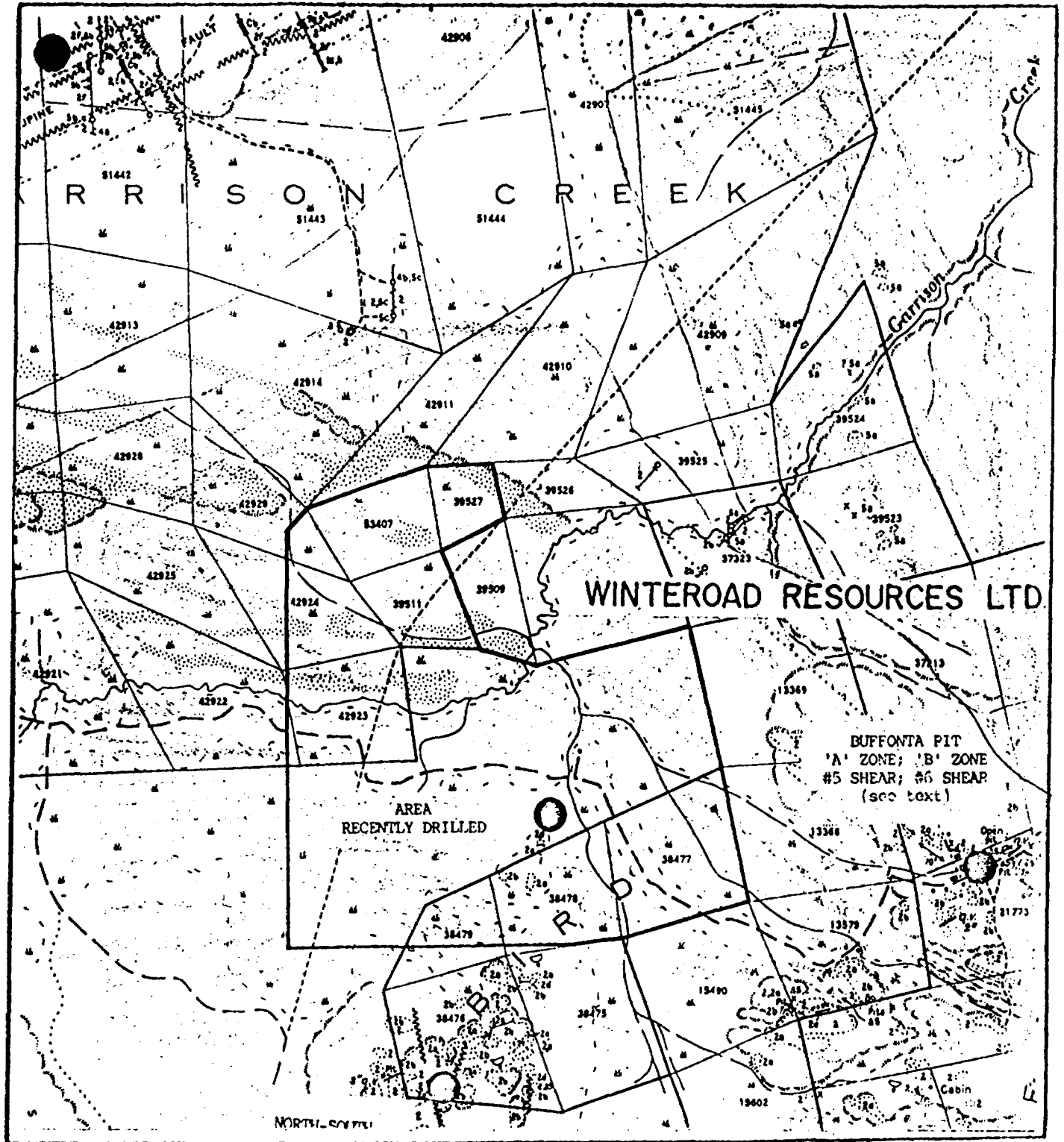
V-2 Property Geology

The property is largely covered by overburden, ranging in depth up to 100 ft as indicated by diamond drilling.

With reference to Map 1949-1, a portion of which is reproduced herein as Plan No. WR-87-3, a small area of outcrop occurs south of the recent drilling. The rocks cropping out are described as andesite and basalt-pillow lava, diabasic lava and fragmental lava.

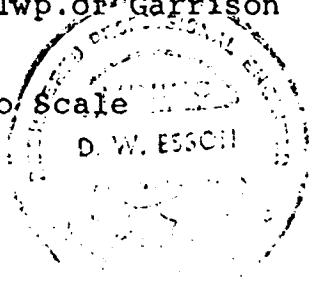
Diamond drilling has consistently encountered a monotonous sequence of alternating andesite and diabasic flows. Occasional diabase and syenite intrusives are noted. Quartz and carbonate filled veinlets are commonly observed.

The gold mineralization appears to be confined primarily to a quartz-carbonate filled breccia zone which has been shown by drilling to have an east-west strike length of some 1,100 ft and a shallow north dip ranging from 25-30°. The one steeper dip noted on section of holes HV9 and 20 is thought possibly to be a result of incorrect reading of the dip test on hole



From: O.G.S. Map 1949-1
Twp. of Garrison

Not to Scale



Donald W. Esson Associates Limited

Winteroad Resources Limited

GEOLOGY MAP

- Diabase
- Intrusive, alkalic
- Mafic Volcanics
- Sediments

September 1987

Plan # WR-87-3

It should be noted that this breccia zone does not appear to be continuous over the total 1,100 ft length and also is not always mineralized with economic grades and widths where present. It would appear that there is a westerly ore zone encompassing sections of HV23-4 to HV-11, another in the area of HV-2A to HV-1 and another ore shoot around HV-13 where more drilling is needed to determine its extent. These apparent ore zones are indicated on Plan of Diamond Drilling (in pocket).

In the Buffonta pit east of the property there appears to have been two narrow (1-2 ft) well-mineralized (pyrite) veins having a strike of approximately N70°W and dipping steeply south at 60-70°. Between these veins was a flat-lying, well mineralized vein (W. Hammerstrom, personal communication). Satterly (1949) describes the pit as having 2 fractured zones dipping flatly to 30°N within 100 ft of surface (as shown by diamond drilling) and ranging in thickness from 1 ft to 30 ft.

Two other zones on the Buffonta property (Nos. 5 and 6) are described as breccias containing carbonate and quartz with medium to coarse pyrite. The No. 5 zone had a strike of N38°W dipping 70°SW with a width of 5-9 ft and No. 6 zone strikes N68°W dipping 70°S with width of 5-18 ft. The tenor of gold mineralization is in the 0.2 to 0.3 oz per ton range.

The mineralized, carbonated, silicified breccias encountered in the Buffonta pit appears to be identical to the breccia zones in the Winteroad core.

VI EXPLORATION RESULTS, 1983 and 1986-7

In 1983, three diamond drill holes were completed by Winteroad. In ddh 83-1 there was an intersection of 0.13 oz Au/ton over 3 ft and in ddh 83-3 there was an intersection of 1.13 oz Au/ton over 4 ft. Hole 83-2 was drilled north of the breccia zone and provided no intersections of economic interest.

In 1986 a further 12 holes, HV-1 to HV-12 inclusive, were drilled mainly concentrated on the breccia zone discovered in hole 83-3. Unfortunately, all of these holes, with one exception, were drilled as several holes fanned from one set-up with no other hole on the same vertical section. As a result, while a number of excellent grade gold assays were cut over good widths of up to 20 ft, it was not possible from the drilling to determine the attitude of the mineralization.

The one exception to the drill pattern was the section of ddh's 83-3 and HV-1 and 3. These holes were all on the same section, however HV83-3 was drilled too far south and undershot the mineralized zone. While the information obtained from the other two holes was marginal, as both intersections of the zone were well up in the holes near the overburden- bedrock interface, it was possible to conceive that the gold-bearing breccia zone had a very flat dip 20-25° to the north.

In 1987 a further 14 holes, HV-13 to 26 inclusive, were completed in a better-conceived program in which most of the holes were drilled on section with other holes. This program showed that the mineralized zone has a flat,

25-30° dip to the north and a non-continuous strike length of some 1,100 ft. The limits of the zone have not been defined as holes HV25-26 at the west end probably overshot the mineralized zone. HV5-6 at the east end also probably overshot the mineralized zone.

VII CONCLUSIONS

The recently-completed exploration drilling on the Winteroad Resources property has produced some very encouraging gold assays over significant widths. However, as all the drilling to date, has been down-dip, true widths of mineralization will be substantially less than drill intersections. The gold-bearing quartz-breccia zone extends over an east-west length of some 1,100 ft and is open to the east and west. The breccia zone appears to dip 25-30° to the north. The breccia zone may not be continuous over the full 1,100 ft and is not mineralized with economic grades and widths for the full length.

From the limited drilling completed to date, there appears to be at least 3 zones containing ore-grade mineralization over significant widths (or thickness) given the flat dip. For convenience, and as no grid system has been established on the property, these zones are herein called the West, Central and East.

West Zone

The West Zone seems to extend from west of Section HV-23 and 24 to the Section of HV-11. The strike length of this shoot is approximately 250 ft and the indicated true thickness ranges from about 2 ft to possibly 10 or 12 ft. This zone is open down dip and to the west. The tenor of gold mineralization in this zone is in the range of 0.12 oz Au/T to 0.273 oz Au/T.

Central Zone

The economically-mineralized part of this zone appears to extend from HV-2A to east of Section 83-3, HV-1, a length of possibly 120 ft. The zone is open to the east but to the west appears to be sub-economically mineralized. True thickness would seem to vary from 2 ft to 10 or 12 ft. This zone is open down dip and gold mineralization is in the order of 0.38 oz Au/T to over 1 oz/T.

East Zone

The East Zone is represented by a single intersection in ddh HV-13, 0.542 oz Au/ton over 8 ft. Assuming the flat northerly dips found to the west, ddh HV-14 on the same section would not have been drilled deep enough to cut the zone. This zone is open along strike and down dip.

The intersection in HV-13 is very much deeper, 448 ft, than any other intersections of the zone on the property. It is apparent that there are some structural deviations between the Central and East Zone that only can be resolved by more drilling.

In summary, the drilling to date has provided excellent indications that an orebody may exist on Winteroad's Garrison Township property and a major program of additional exploration, mainly diamond drilling, is warranted.

VIII RECOMMENDATIONS

Phase I

1. Establish a surveyed co-ordinate grid system on the property so that drill holes, sections, etc. can be tied together. At the same time survey all drill collars for elevation, location and azimuth. This survey should be done immediately before the snow arrives.
2. Draw up a new set of cross-sections for drill holes at one scale and viewed looking west. (This is now in progress.)
3. Try trial VLF-EM, EM and I.P. surveys over the area of known mineralization. If the mineralized zone can be detected by those methods, the surveys should be extended over the whole property.

At the same time VLF-EM, EM and mag surveys should cover claims L522596 and 522597 to see if the airborne conductor and mag low reported by Cream Silver can be duplicated on the ground.

4. Continue diamond drilling in the area of recent drilling to extend and expand the zones identified to date. This drilling should be done on a vertical angle of -90° . This orientation will give very close to true widths, yet will have some chance of detecting any steeply south-dipping zones should they exist on the property.

As no grid system is in place it is not possible to detail collar locations and therefore depths for hole. However, the program, based on holes at 50 ft centres along strike and 100 ft down dip, would require some 60 holes and at an average depth of over 300 ft will require approximately 20,000 ft of drilling. The drill program should start in the areas of known mineralization and then progress down dip and along strike. Once the mode of occurrence is established it may be possible to expand the grid to holes at 100 ft centres. A preliminary location for the holes is shown on the Plan of Drilling (in pocket).

5. Allow for an additional 4,000 ft of drilling new prospects on the property.
6. A proper core shack with secure storage facilities should be erected on the property or in the area to facilitate core logging and sampling and to protect the significant sections of core from vandalism.

7. All of the core available should be re-logged by the geologist in charge of the drilling to ensure that the terminology is consistent.

At the same time additional samples should be cut from the old core at locations adjacent to mineralized sections. Specifically:

<u>DDH NO.</u>	<u>INTERSECTION</u>
HV-1	93 - 96
HV-2	132 - 135
	145 - 148
HV-3	136 - 139
	159 - 162
HV-10	Assays missing
HV-11	Check for VG 135-137
HV-12	192 - 195
HV-17	100 - 102.2
	97 - 100

8. Assuming results continue to be encouraging, petrographic study of the mineralized zone may assist in understanding the genesis of the gold mineralization.
9. Preliminary metallurgical testing of the mineralized zones is warranted to determine its milling characteristics.

Phase II

Contingent upon results of Phase I continuing to be encouraging, a Phase II program of continuing diamond drilling would be warranted.

An allowance for 25,000 ft of diamond drilling would be the correct order of magnitude.

X COSTS OF RECOMMENDED PROGRAMS

1. Establish co-ordinate system and survey-in ddh's	\$ 2,000
2. New vertical sections	1,000
3. Trial geophysical surveys plus coverage of 2 claims	5,000
4. Diamond drill, 20,000 ft @ \$25/ft incl. splitting and assaying	500,000
Supervision, incl. board	20,000
5. Prospect drilling, 4000 sq ft @ \$25/ft	100,000
6. Core shack, erected; 400 sq ft @ \$25/ft ²	10,000
7. Included in supervision	
8. Petrology	1,000
9. Metallurgical tests, preliminary	10,000
10. Vehicle rentals and travel	12,000
11. Consultants and reports	24,000
12. Contingency @ 15%, say	<u>115,000</u>
Total Costs, Phase I	<u>\$ 800,000</u>

Phase, II

25,000 ft of diamond drilling @ \$30/ft incl.
supervision and consultants

\$ 750,000

Total Cost, Phase II

\$ 750,000

TOTAL COSTS, PHASE I + PHASE II

\$1,550,000

All of which is respectfully submitted.

Toronto, Ontario
September 30, 1987

Donald W. Esson, P.Eng.

D. W. ESSON

BIBLIOGRAPHY

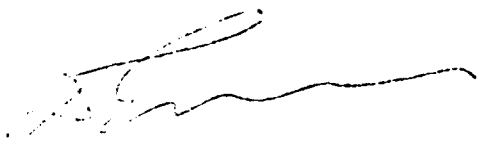
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1986 Winteroad Resources Property, Garrison Township,
 Ontario, 57p. Accompanied by 7 appendices and 4 maps.
- REUKL, R.J. Diamond Drilling Report (Summer 1987 Program) on the
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 Limited, with drill logs, sections and maps.
- SATTERLY, J Geology of Garrison Township, O.D.M. 58th Annual
 Report, Vol. LVIII, Part IV, 1949, 33p. Accompanied by
 1 map, scale 1:12,000.
- ONTARIO GEOLOGICAL Garrison Township, O.G.S., Geological Data Inventory
SURVEY, 1987 Folio 360...Resident Geologists Office, Kirkland Lake.

CERTIFICATE

I, Donald W. Esson, do hereby certify:

1. that I am a consulting geologist and reside at R.R. #1, Duntroon, Ontario.
2. that I am a graduate of the University of Toronto, 1957, with the degree of Bachelor of Applied Science (Mining Geology).
3. that I have been practising my profession since graduation.
4. that I am registered with the Association of Professional Engineers of Ontario as a Professional Engineer.
5. that I do not have, nor do I expect to receive, directly or indirectly, any interest in the properties and/or securities of Winteroad Resources Limited.
6. that my report is based on personal examination of the property and area in September, 1987; on review of all published geological data of the area, and on review of all available reports, maps, and sections resulting from earlier work in the area and by Winteroad Resources Limited.

Toronto, Ontario
September 30, 1987



Donald W. Esson, B.A.Sc., P.Eng.

COMPANY Winteroad Resources Ltd.

PROPERTY _____

Township Garrison

Claim No. L. 522595 & 596

SHEET No. 1 of 4
 Started July 4, 1987
 Finished July 6, 1987
 Depth 277.0 FEET

Reference _____
 Location See Plan

 Elevation _____

HOLE No. HV-23
 Bearing N 10° E
 Dip: -45° @ Collar; _____ @ _____

FROM	TO	DESCRIPTION	SAMPLES			ASSAYS		
			NO	FROM	TO	WIDTH		
	72.0	CASING.						
		70.5-72.0:Boulders.						
277.0	277.0	INTERLAYERED ALTERED ANDESITIC AND DIABASIC FLOWS.						
		Irregular patches and unoriented veinlets of pale green ep alteration COMMON.						
		Occasional Qtz and Carb filled fractures.						
		Occasional dark red hem visible in fractures.						
		Occasional broken core, often bro- ken along rusty or Carb fractures.						
		72.0-77.0:Broken core.						
		84.5-86.0:Irregular patches of ep alter- ation.						
		106.5-107.2:Irregular patches of ep alteration.						
		112.5-113.0:Badly broken core.						
		135.0-152.0:Irregular patches of stron- ger ep alteration accompa- nied by breccia fillings of pink Qtz and disseminated py.						

ONTARIO GEOLOGICAL SURVEY
 ASSESSMENT FILES
 OFFICE

 APR 5 1988

 RECEIVED

Drilled by Morisette D.D.

Core Size B0

Logged by Robert Reukl

COMPANY _____

PROPERTY _____

Township _____

Claim No. _____

TO	DESCRIPTION	SAMPLES				Au (oz)	ASSAYS
		NO	FROM	TO	WIDTH		
	175.8:0.4" Qtz-Carb vein @ 34° to core axis displaying bands grey Qtz, Carb, green ep and hem, 2-3% disseminated py.	121460	175.2'-176.2'	1.0'	Trace		
	194.2:0.2' Qtz-Carb breccia vein @ 70° to core axis exhibiting a buff to red alteration of the fragments and 10-15% disseminated py.	121461	193.6'-194.6'	1.0'	Trace		
	206.0-207.5: Broken core.						
	206.6:0.1' Qtz-Carb breccia vein @ 55° to core axis exhibiting a pale red to red-brown alteration of fragments and margin, 5-7% finely disseminated py.	121462	206.0'-207.0'	1.0'	0.040		
	235.0-236.5: Broken core.						
	237.8-250.4: Zone of irregular Qtz-Carb breccia fillings exhibiting strong reddish-brown alteration of the breccia fragments and up to 5% disseminated py. Qtz-Carb veinlets throughout the zone also displays strong reddish-brown alteration along the margins.	121463	237.5'-239.5'	2.0'	0.024		
	239.8-242.5: Qtz-Carb veinlets with strong red-brown alteration along margins surrounding irregular Qtz-Carb breccia from 240.0'-241.0' with 3-5% disseminated py. Veinlets @ 20-30° to core axis.	121464	239.5'-242.5'	3.0'	0.164		

COMPANY _____

PROPERTY _____

Township _____

Claim No. _____

TO	DESCRIPTION	SAMPLES			Au(oz)	ASSAYS
		NO	FROM	TO		
	242.5-245.5: Strongly altered andesite exhibiting Qtz-Carb veinlets and fractures showing strong red-brown alteration along the margins, 1-2% disseminated py.	121465	242.5'-245.5'	3.0'	0.134	
	245.5-248.0: Qtz-Carb veinlets with strong red-brown alteration along margins surrounding irregular Qtz-Carb breccia with 2-3% disseminated py from 246.2'-247.0'. Upper margin 37° to core axis. 247.0', badly broken core.	121466	245.5'-248.0'	2.5'	0.096	
	248.0-250.5: Abundant Qtz-Carb veinlets exhibiting strong red-brown alteration of margins and 3-5% disseminated py.	121467	248.0'-250.5'	1.5'	0.356	
	252.8: Minor red-brown alteration and disseminated py along margins of Qtz-Carb veinlets @ low angle to core axis.	121468	250.5'-253.0'	2.5'	0.014	
	251.5-252.0: Core broken along Calc filled fractures.					
	254.0: Badly broken core.					
	256.4-256.7: Fault breccia exhibiting red-brown alteration of fragments and 2-3% finely disseminated py.	121469	256.0'-257.0'	1.0'	Trace	
	265.0: Broken core, some grind.					
	266.0: 0.5" patch of red-brown alteration and 1-2% disseminated py.					
	266.0-272.0: Core exhibits purplish-grey pervasive silicification, Qtz-Carb filled fractures common.					

COMPANY Winteroad Resources Ltd.

PROPERTY _____

Township GarrisonClaim No. L.522595 & 596SHEET No. 1 of 3
Started July 6, 1987
Finished July 7, 1987
Depth 251.0 FEETReference _____
Location See Plan
Elevation _____HOLE No. HV-24
Bearing N 10°E
Dip: -60° @ Collar; -57.5° @ 251.0'

TO	DESCRIPTION	SAMPLES			ASSAYS			
		NO	FROM	TO	WIDTH	Au(oz)		
62.0	CASING.							
	61.0-62.0:Boulders.							
192.5	ALTERED ANDESITIC AND DIABASIC FLOWS.							
	Irregular patches and veinlets of pale green ep alteration common but not abundant.							
	Randomly oriented Qtz-Carb filled fractures commonly visible, hem staining along fractures common.							
	Occasional broken core, badly broken and ground in places.							
	62.0-72.0:Blocky and badly broken core.							
	106.5-108.0:Badly broken core.							
	141.5-149.0:Zone of Qtz-Carb breccia veins and veinlets displaying weak to moderate red-brown alteration along margins. Minor disseminated py with local accumulations to 10%.							
	141.5-145.0:Broken fragments of rusty altered andesite with Qtz veinlets and brownish-white Qtz pieces from 141.5'-143.5'	121470	139.5'-141.5-	2.0'	0.002			
		121471	141.5'-145.0'	3.5'	0.128			

Drilled by Morisette D.D.Core Size B0Logged by Robert Reukl

COMPANY _____

PROPERTY _____

Township _____

Claim No. _____

TO	DESCRIPTION	SAMPLES				ASSAYS	
		NO	FROM	TO	WIDTH	Au(OZ)	
	141.5-145.0:(continued), followed by altered andesite with Qtz-Carb veinlets, exhibiting red-brown alteration margins.						
	145.0-147.0:Altered andesite displaying patch of red-brown alteration from 146.3'-147.0' surrounding Qtz-Carb veinlets, exhibiting red clots of hem and 10% disseminated py.	121472	145.0'-147.0'		2.0'	0.134	
	147.0-149.0:Randomly oriented Qtz-Carb veinlets displaying red-brown alteration and 1-2% disseminated py along margins. Fragments of rusty altered andesite and brownish-white Qtz pieces from 148.6'-149.0'.	121473	147.0'-149.0'		2.0'	0.180	
		121474	149.0'-151.0'		2.0'	0.012	
	171.2:0.1' Calc vein @ 59° to core axis, chl filled fractures and hem stained margins.						
	191.6:Core broken and ground.						
	Lower contact broken.						
	SYENITE INTRUSIVE.						
	Fine to medium grained, green-grey syenite speckled with dark green amphiboles.						
	Numerous Calc veinlets and 1.5" Calc vein breccia @ 40° to core axis at 193.7'						

COMPANY _____

PROPERTY _____

Township _____

Claim No. _____

TO	DESCRIPTION	SAMPLES				ASSAYS	
		NO	FROM	TO	WIDTH		
194.5	SYENITE INTRUSIVE (continued).						
	A few pale red patches due to hem staining.						
	Chill margin adjacent lower contact; contact @ 46° to core axis.						
251.0	ALTERED ANDESITIC AND DIABASIC FLOWS.						
	Similar to the unit previously described from 62.0'-192.5'.						
	198.0-201.0: Core broken along low angle fractures.						
	205.9-206.5: Qtz-Calc filled breccia veins.						
251.0	END OF HOLE.						



BELL - WHITE ANALYTICAL LABORATORIES LTD.

P.O. BOX 187.

HAILEYBURY, ONTARIO

TEL: 672-3107

Certificate of Analysis

NO. 2649

DATE: August 4, 1987

SAMPLE(S) OF: Core (15)

RECEIVED: August, 1987

SAMPLE(S) FROM: Winteroad Resources Ltd.

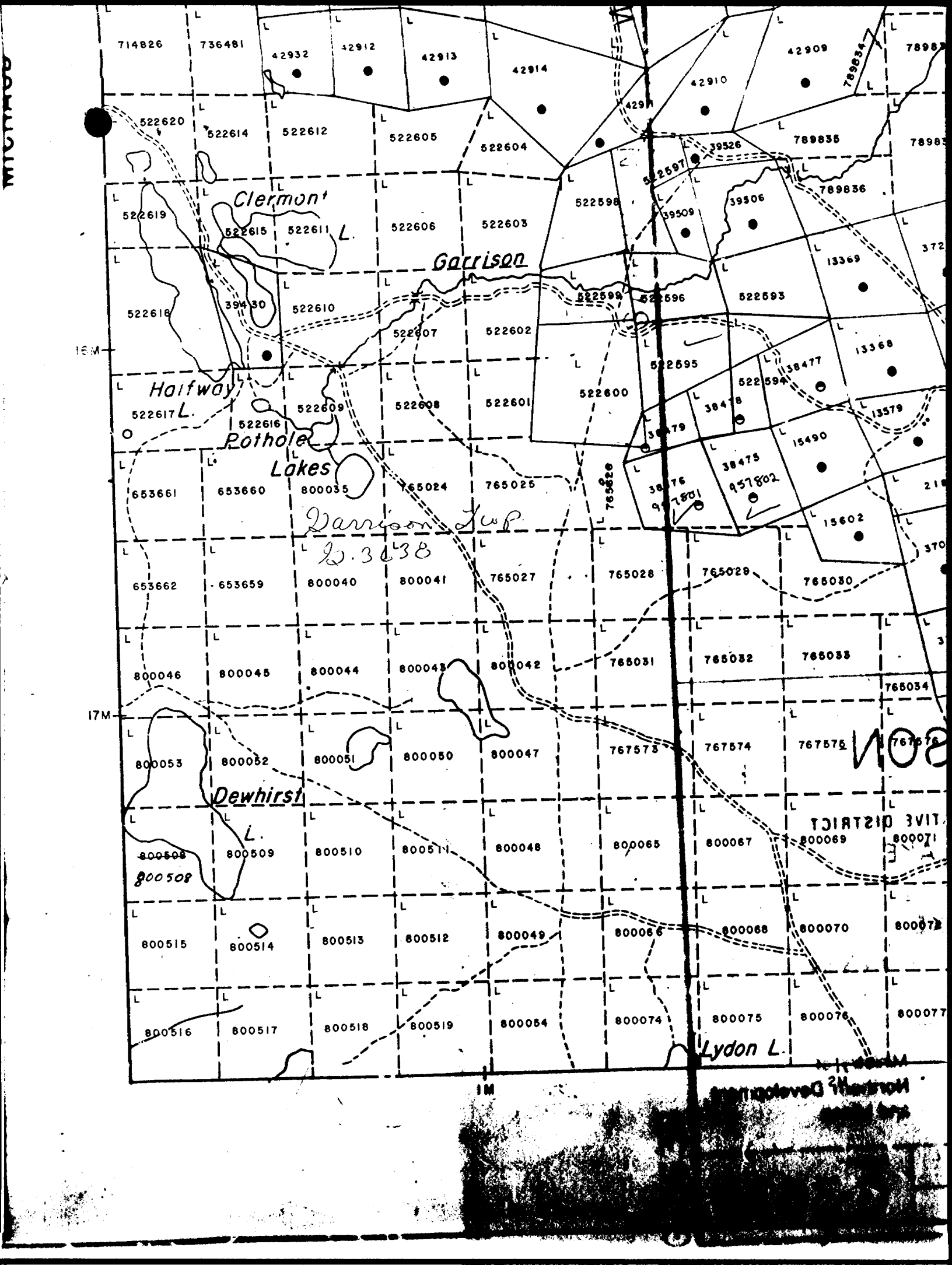
OMS 7-6-L-100

<u>Sample No.</u>	<u>Oz. Gold</u>
121460	Trace
1	Trace
2	0.040
3	0.024
4	0.172 **
5	0.132 **
6	0.096
7	0.360 **
8	0.014
9	Trace
121470	0.002 *
1	0.129 **
2	0.134 **
3	0.187 **
4	0.012

** Checked
* Estimated

ACCORDANCE WITH LONG-ESTABLISHED NORTH AMERICAN CUSTOM, UNLESS IT IS SPECIFICALLY STATED OTHERWISE GOLD AND SILVER VALUES REPORTED ON THESE SHEETS HAVE NOT BEEN ADJUSTED TO COMPENSATE FOR LOSSES AND GAINS INHERENT IN THE FIRE ASSAY PROCESS.

BELL-WHITE ANALYTICAL LABORATORIES LTD.



714826

736481

42932

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42914

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42909

78983

522620

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522612

522605

522604

42911

39526

789835

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522619

Clermont

522606

522603

522598

39509

39506

789836

372

Garrison

522618

39430

522610

522607

522602

522599

522596

522593

13369

16M

Halfway

522617 L.

522609

522608

522601

522600

522595

522594

38477

13368

Rothole Lakes

653661

653660

800035

765024

765025

765026

38479

38478

15490

13579

Garrison Sup

D. 3638

653662

653659

800040

800041

765027

765028

765029

765030

210

370

17M

800053

800052

800051

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800047

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767574

767575

767576

Dewhurst

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LIVE DISTRICT

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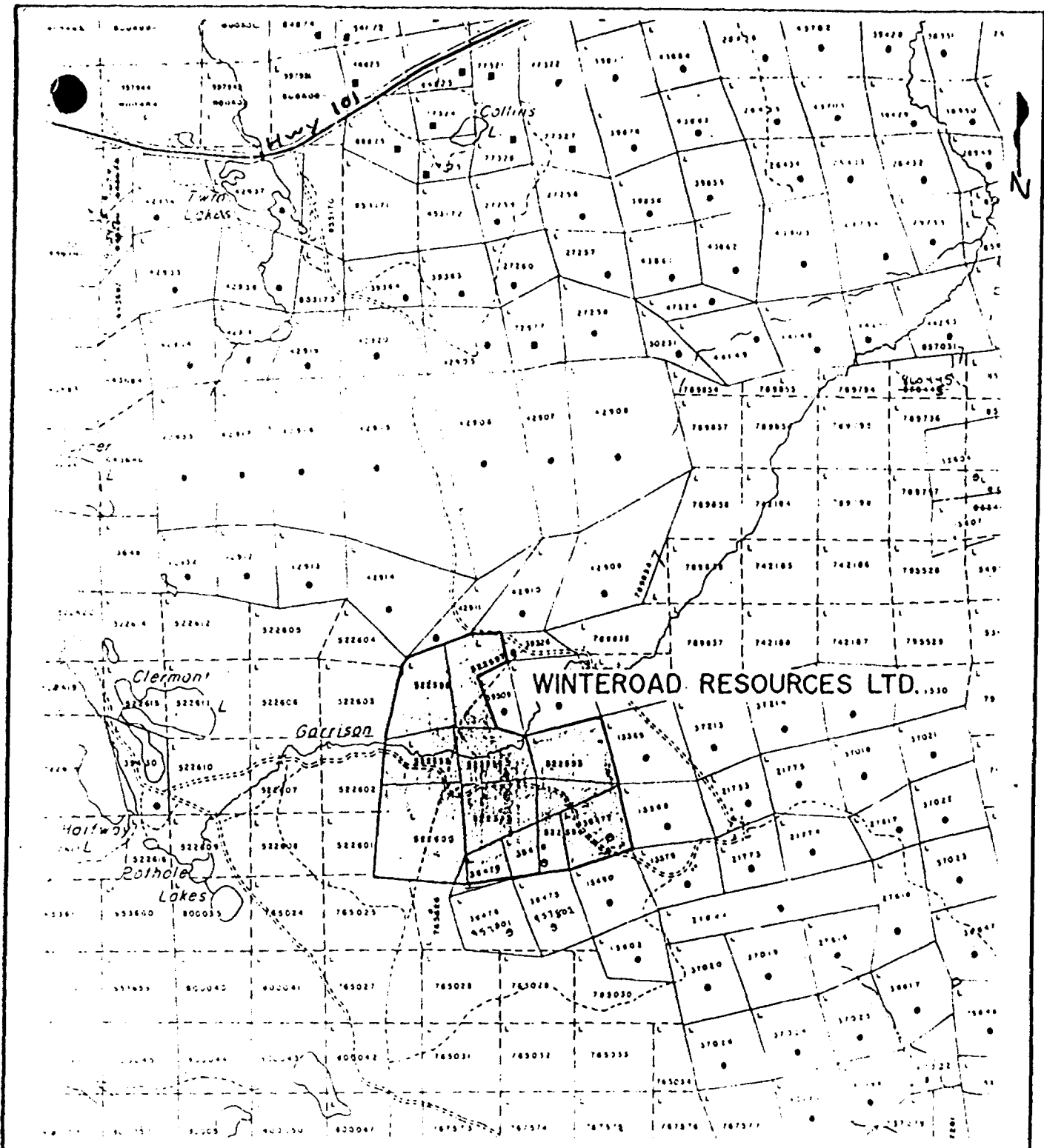
800076

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Lydon L.

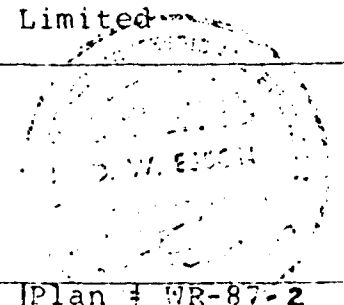
18M

North Development



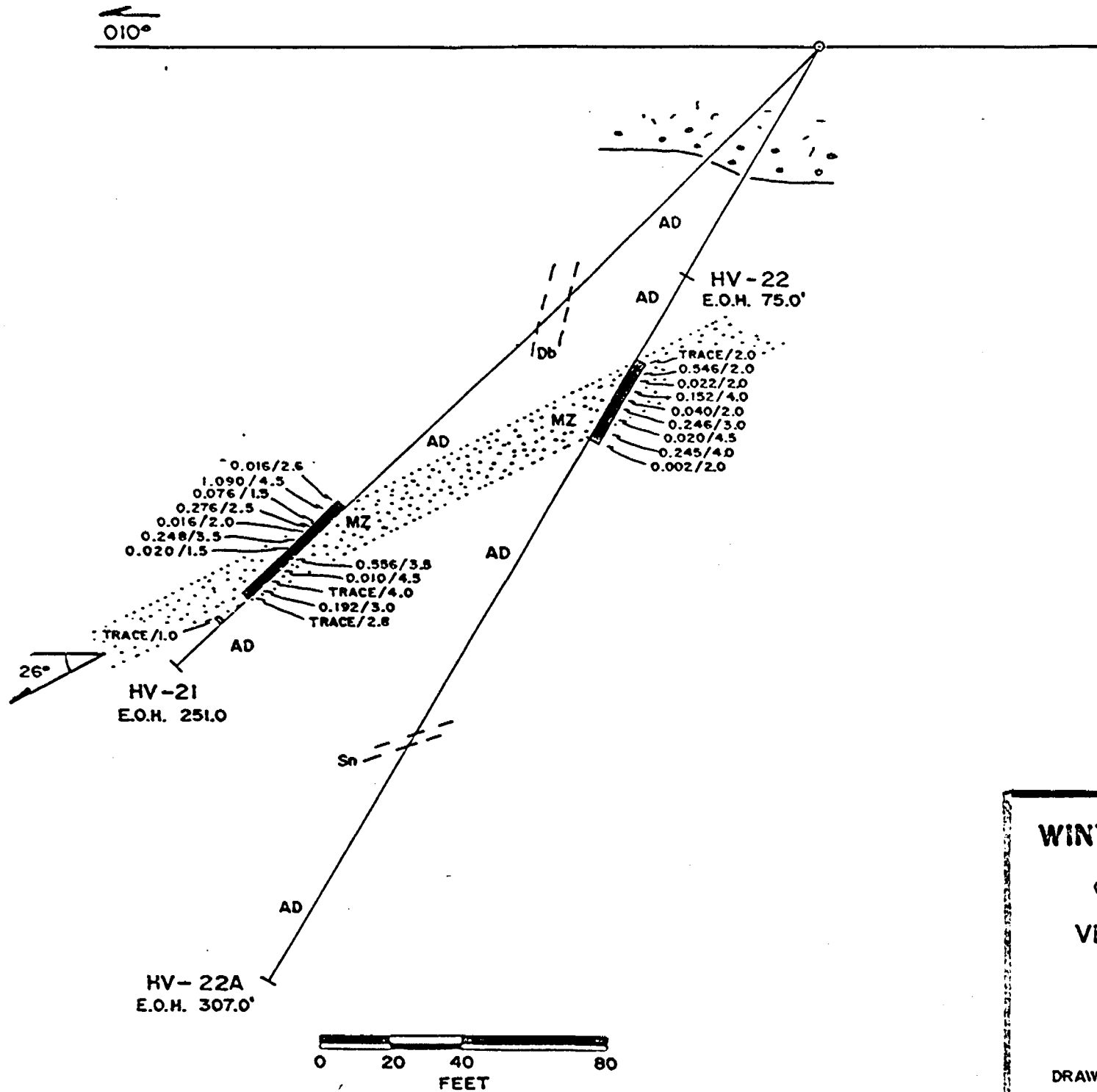
From: OMNR MAP
 G-3638
 Twp. Garrison
 Not to Scale

Donald W. Esson Associates Ltd.	
Winteroad Resources Limited	
CLAIM MAP	
September 1987	Plan # WR-87-2



LEGEND

- INTERLAYERED ALTERED ANESITIC AND DIABASIC FLOWS
- DIABASE DIKE
- SYENITE INTRUSIVE
- QUARTZ-CARBONATE ALTERED MINERALIZED ZONE
- /4.5 OUNCES Au/TON / CORE LENGTH IN FEET



ONTARIO GEOLOGICAL SURVEY
ASSESSMENT FILES
OFFICE
APR 5 1988
RECEIVED

WINTERROAD RESOURCES LTD.
GARRISON TWP GOLD PROPERTY
VERTICAL SECTION THROUGH:
HV-21, 22 & 22A
LOOKING EAST
AZIMUTH: 010°
DRAWN BY: R. REUKL DRAFTED BY: m. Fournier
SCALE: 1" = 40' DATE: AUGUST 1987

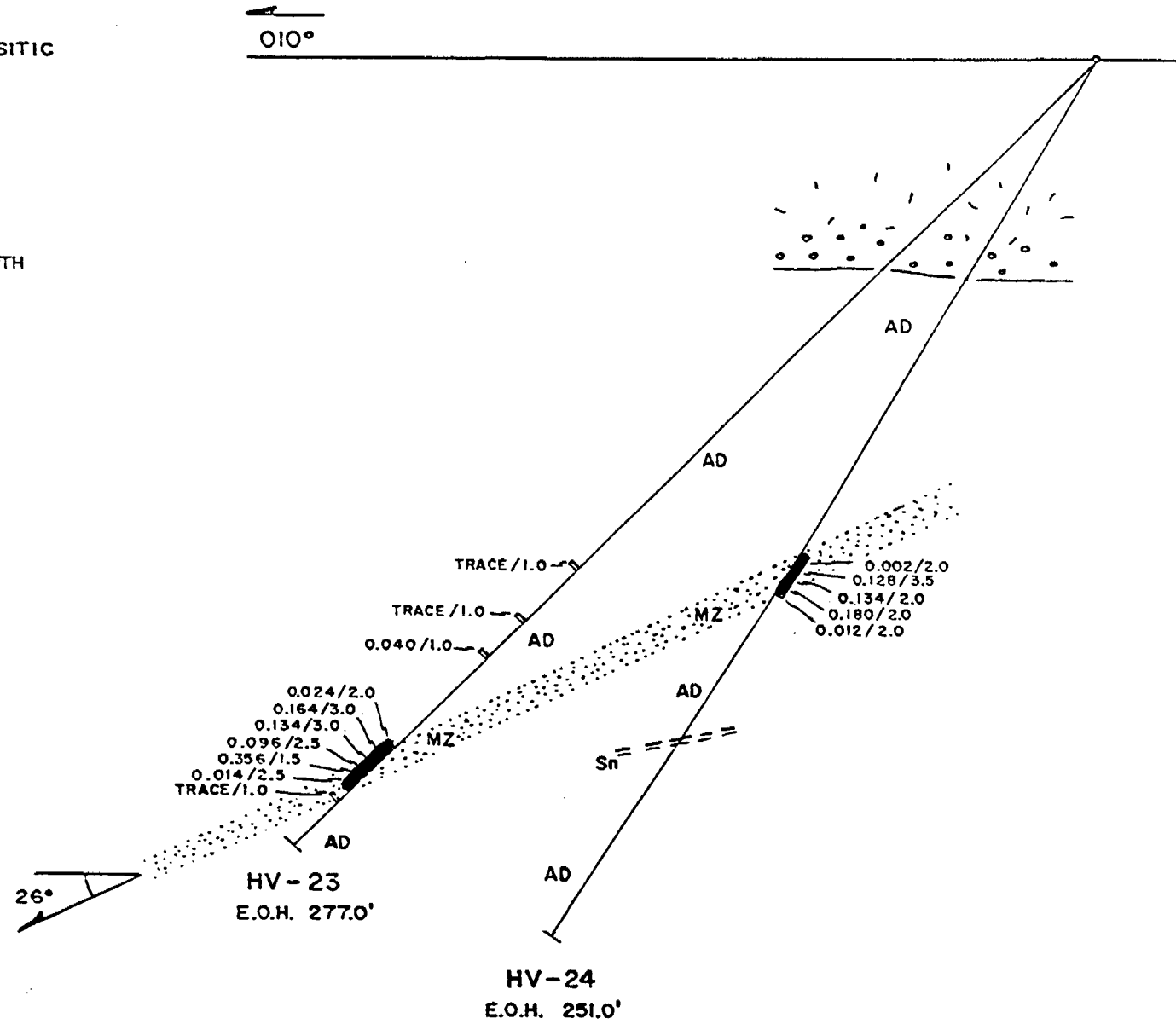
LEGEND

INTERLAYERED ALTERED ANDESITIC
AND DIABASIC FLOWS

SYENITE INTRUSIVE

QUARTZ-CARBONATE ALTERED
MINERALIZED ZONE

GRADES Au/TON / CORE LENGTH
IN FEET



WINTERROAD RESOURCES LTD.

GARRISON TWP GOLD PROPERTY

**VERTICAL SECTION THROUGH
HV-23 & 24**

LOOKING EAST
AZIMUTH: 010°

DRAWN BY: R. REUKL DRAFTED BY: M. Fournier
SCALE: 1" = 40' DATE: AUGUST 1987

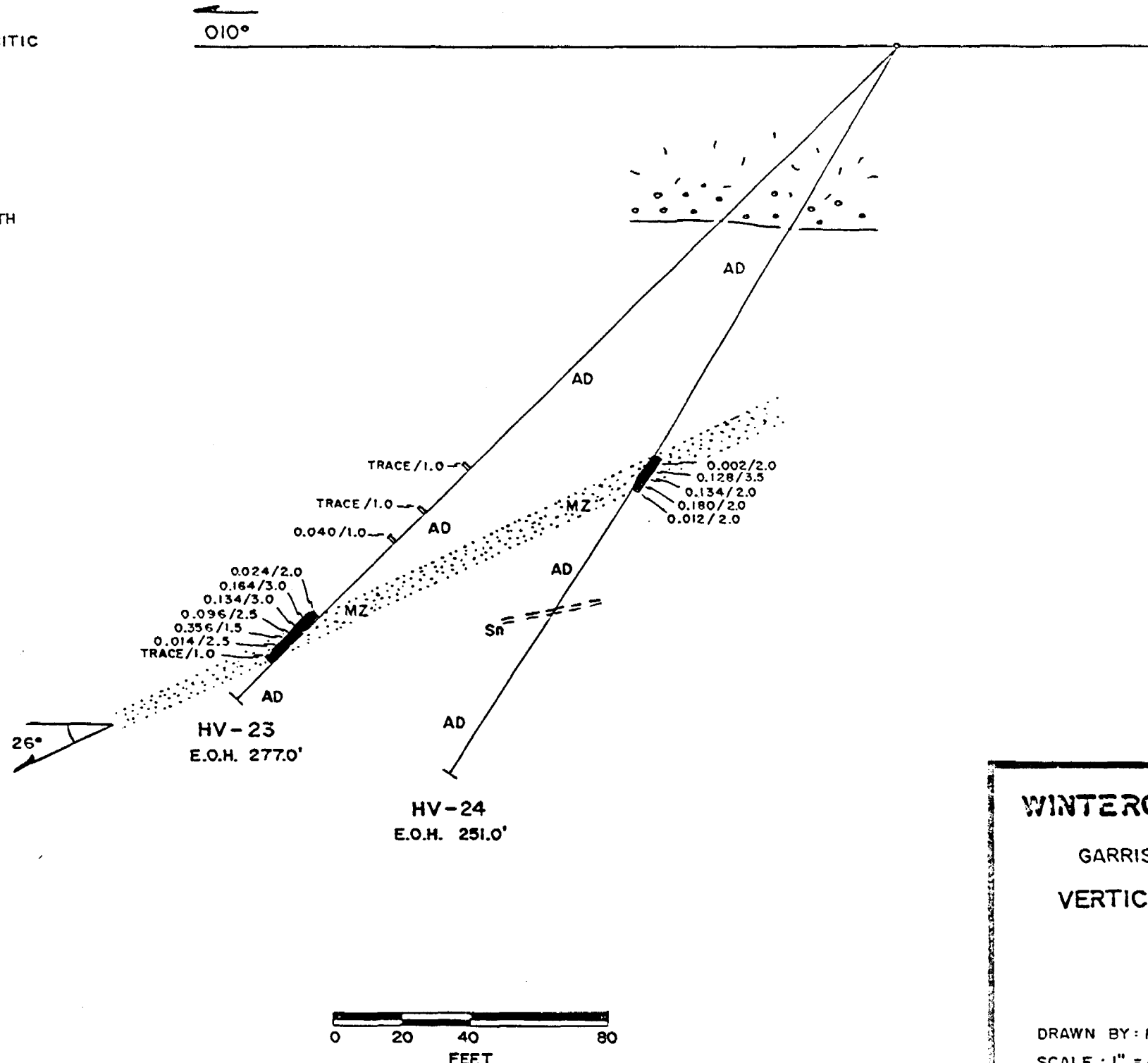
LEGEND

INTERLAYERED ALTERED ANDESITIC
DIABASIC FLOWS

SYENITE INTRUSIVE

MALLETZ-CARBONATE ALTERED
GENERALIZED ZONE

UNICES Au/TON / CORE LENGTH
IN FEET



WINTERROAD RESOURCES LTD

GARRISON TWP GOLD PROPERTY

VERTICAL SECTION THROUGH
HV-23 & 24

LOOKING EAST
AZIMUTH: 010°

DRAWN BY: R. REUKL DRAFTED BY: M. [unclear]
SCALE: 1" = 40' DATE: AUGUST 1967



Name and Address of Recorded Holder
JOHN ROSS MOSES ID15474
Box 459 PORT CARLING ONTARIO P0B 1J0

Summary of Work Performance and Distribution of Credits

Total Work Days Cr. claimed 400	Mining Claim			Work Days Cr.			Mining Claim			Work Days Cr.		
	Prefix	Number	Days Cr.	Prefix	Number	Days Cr.	Prefix	Number	Days Cr.	Prefix	Number	Days Cr.
for Performance of the following work. (Check one only)	L	957801	200									
		957802	200									
<input type="checkbox"/> Manual Work												
<input type="checkbox"/> Shaft Sinking Drifting or other Lateral Work.												
<input type="checkbox"/> Compressed Air, other Power driven or mechanical equip.												
<input type="checkbox"/> Power Stripping												
<input checked="" type="checkbox"/> Diamond or other Core Drilling												
<input type="checkbox"/> Land Survey												

RECEIVED
 JAN 8 1988
 11:00 a.m.
 (Signature)

GEOLOGICAL SURVEY
 ASSESSMENT FILES
 OFFICE
 APR 5 1988

All the work was performed on Mining Claim(s):
RECEIVED L 522595 ~~1522596~~

Required Information eg: type of equipment, Names, Addresses, etc. (See Table Below)

DIAMOND DRILLING: BQ WORKING
N. MORRISSETTE DIAMOND DRILLING LTD.
Box 789
HAILEYBURY ONT. P0B 1K0

2 HOLES - See ATTACHED REPORT.

① HV-23 TOTAL DEPTH 277 feet BQ
 ② HV-24 TOTAL DEPTH 251 feet BQ
TOTAL FOOTAGE 528 feet BQ

N.B. Subject CLAIMS ARE CONTIGUOUS TO THE SOUTH OF WORKED CLAIM

Date of Report: **Jan 4 1988**
 Recorded Holder or Agent Signature: **John Ross Moses**

RECORDED
 MAR 28 1988
 Receipt # _____

Certification Verifying Report of Work
 I hereby certify that I have a personal and intimate knowledge of the facts set forth in the Report of Work annexed hereto, having performed the work or witnessed same during and/or after its completion and the annexed report is true.

Name and Postal Address of Person Certifying
JOHN ROSS MOSES Box 459 PORT CARLING ONT
P0B 1J0

Date Certified: **Jan 4 1988**
 Certified by (Signature): **John Ross Moses**

Table of Information/Attachments Required by the Mining Recorder

Type of Work	Specific Information per type	Other information (Common to 2 or more types)	Attachments
Manual Work	Nil	Names and addresses of men who performed manual work/operated equipment, together with dates and hours of employment.	Work Sketch: these are required to show the location and extent of work in relation to the nearest claim post.
Shaft Sinking, Drifting or other Lateral Work			
Compressed air, other power driven or mechanical equip.	Type of equipment	Names and addresses of owner or operator together with dates when drilling/stripping done.	
Power Stripping	Type of equipment and amount expended. Note: Proof of actual cost must be submitted within 30 days of recording.		
Diamond or other core drilling	Signed core log showing; footage, diameter of core, number and angles of holes.	Nil	Work Sketch (as above) in duplicate
Land Survey	Name and address of Ontario land surveyor.		Nil

DONALD W. ESSON, P.ENG.

DONALD W. ESSON ASSOCIATES LIMITED
GEOLOGICAL CONSULTANTS

P.O. BOX 608
COLLINGWOOD, ONTARIO
CANADA L9Y 4E8

September 30, 1987

The President & Board of Directors
Winteroad Resources Limited
56 Temperance St., Suite 500
Toronto, Ontario
M5H 3V5

Dear Sirs:

We take pleasure in enclosing our report on your Garrison Township gold property in the Larder Lake Mining Division, Province of Ontario, as commissioned by Mr. John Moses.

This letter will serve as your authorization to use this report, dated September 30, 1987, for any corporate purpose within the 12 month period ending September 30, 1988.

We appreciate the opportunity of being of service to your Company and look forward to being of assistance to you in the future.

Yours very truly,



Donald W. Esson, P.Eng.
Consulting Geologist

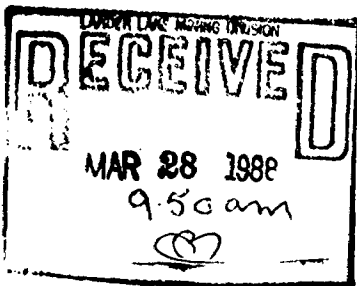
encl.

MEMORANDUM OF AGREEMENT made as of the 15th day
of, April, 1987.

B E T W E E N:

JOHN ROSS MOSES, of the City of
Toronto, in the Province of Ontario
(hereinafter called the "Optionor")

OF THE FIRST PART



- and -

WINTERROAD RESOURCES LIMITED, a
corporation incorporated under the
laws of the Province of Ontario

(hereinafter called the "Optionee")

OF THE SECOND PART

WHEREAS the Optionor is the registered and beneficial
owner of an undivided 100% interest in unpatented mining claims,
numbers L 957801 and L 957802, situate in Garrison Township,
Larder Lake Division, in the Province of Ontario (collectively
called the "Property");

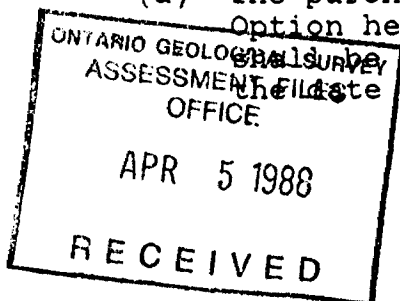
AND WHEREAS the Optionor wishes to grant an option
to purchase the Property to the Optionee;

NOW THEREFORE in consideration of the mutual cove-
nants herein contained, and of the sum of \$10.00 now paid by
each of the parties hereto to the other and of good and valu-
able consideration, the receipt and sufficiency whereof each
of the parties hereto hereby acknowledges, the parties hereto
covenant and agree as follows:

1. Grant of Option: The Optionor hereby grants an
option (the "Option") to the Optionee to purchase the Property
for the consideration and subject to terms and conditions
hereinafter set forth.

2. Consideration and Grant of Option:

(a) The purchase price payable for the grant of the
Option hereunder shall be \$1.00 and the said option
shall be exercisable for a period of two years from
the date hereof after (the "Initial Option Period").



- (b) After the expiration of the Initial Option Period, the Optionee may, at its option, extend the Option for 30 day periods upon the payment of \$1,000 for each 30 day period subsequent to the Initial Option Period.

3. Exercise of Option:

- (a) The Option is exercisable by delivery by the Optionee of an executed Agreement of Purchase and Sale in the form annexed hereto as Schedule "A".
- (b) The Optionor covenants to sign the said executed Agreement of Purchase and Sale forthwith upon receipt and to date the said Agreement the date it is executed by the Optionor.

4. Work Commitment:

- (a) In order to keep this option in good standing the Optionee agrees to do all acts and things that may be necessary to keep the Property in good standing under the Mining Act (Ontario) until the termination or expiration of this Agreement or the abandonment of rights and options granted to it hereunder or until the exercise of the Option, whichever is the earliest.
- (b) The Optionee will keep the Property clear of liens, and other charges arising from any operations which must be conducted to keep the Property in good standing as aforesaid, and in particular will pay and discharge all wages and accounts for material and services and all other costs and expenses that may be incurred by it in connection with any work on the Property and shall save the Optionor harmless from any and all liens in respect of such work which may be filed against the Property and in the event of any liens being so filed, to proceed forthwith to have same removed, provided that the foregoing provision shall not prevent the Optionee from contesting any claim for lien which it considers unjustified.

5. Indemnity: The Optionee shall indemnify and save harmless the Optionor from and against all suits, demands, losses and expenses which the Optionor may suffer by reason of any act or thing done or omitted to be done by the Optionee in relation to its operations on the Property.

6. Termination of Option: In the event of the termination of the Option, the Optionee shall:

- (a) provide the Optionor with copies of all maps, plans, reports and documents in Optionee's possession with respect to the Property; and
- (b) ensure that the mining claims comprising the Property shall be in good standing under the Mining Act (Ontario) for at least one year following the date of termination.

7. Notices: Any notice required or permitted to be given hereunder shall be in writing and shall be effectively given if delivered or (except during a mail disruption) sent by prepaid registered mail in Canada addressed to Mr. J.R. Moses c/o Smith, Lyons, Torrance, Stevenson, & Mayer, Attention: Mr. Cam Mingay, Suite 3400, Exchange Tower, 2 First Canadian Place, Toronto, Ontario, M5X 1J3, and to Winteroad Resources Limited, Attention: Mr. George Cross, 56 Temperance Street, Suite 500, Toronto, Ontario, M5H 3V5, or to such other address of a party as it shall specify to the other party by written notice given in the manner aforesaid. Any such notice mailed as aforesaid shall be deemed to have been given and received three (3) business days (excluding Saturdays, Sundays and bank holiday) following the day on which it was mailed; provided, however, that in the event of an interruption of normal mail service receipt shall be deemed to be the third business day (excluding Saturdays, Sundays and bank holidays) following the day on which normal mail service is restored.

8. Waiver: No consent or waiver, express or implied, by a party to or of any breach or default by another party in the performance of such other party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligations of such other party hereunder. Failure on the part of a party to complain of any act or failure to act of another party or to declare another party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first mentioned party of its rights hereunder.

9. Governing Law: This agreement shall be construed and interpreted in accordance with the laws of the Province of Ontario and the parties agree to submit any dispute arising out of this agreement to the courts of such Province.

10. Further assurances: The parties hereto agree to sign or execute all such other deeds and documents and do such other things as may be necessary or desirable for more completely and effectually carrying out the terms and intention of this agreement.

11. Successors and Assigns: This agreement shall enure to the benefit of and be binding upon the parties hereto and

SCHEDULE A

MEMORANDUM OF AGREEMENT made as of the [] day of [],
19[].

B E T W E E N:

JOHN ROSS MOSES, of the City of
Toronto, in the Province of Ontario

(hereinafter called the "Vendor")

OF THE FIRST PART

- and -

WINTERROAD RESOURCES LIMITED, a corpo-
ration incorporated under the laws of
the Province of Ontario

(hereinafter called the "Purchaser")

OF THE SECOND PART

WHEREAS the Vendor warrants that he is the regis-
tered owner of an undivided 100% interest in 2 unpatented
mining claims, numbers L957801 and L957802, situated in
Garrison Township, Larder Lake Division, in the Province of
Ontario (collectively called the "Property");

AND WHEREAS the Vendor and Purchaser are parties to
an option agreement dated the 15th day of April, 1987 pursuant
to which the Vendor granted an option (the "Option") to the
Purchaser to purchase the Property;

AND WHEREAS the Purchaser wishes to exercise the
Option;

NOW THEREFORE in consideration of the mutual cove-
nants herein contained and of the sum of \$10.00 now paid by
each of the parties hereto to the other and of other good and
valuable consideration, the receipt and sufficiency whereof
each of the parties hereto hereby acknowledges, the parties
hereto covenant and agree as follows:

1. Purchase and Sale of the Property: The Purchaser
hereby purchases and the Vendor hereby sells the Property for

the consideration and subject to the terms and conditions hereinafter set forth.

2. Closing: The purchase and sale of the Property shall be completed at a closing to be held at [] a.m. on [], 19[] or at such other time as the Vendor and Purchaser shall agree (the "Closing Date") at the offices of Messrs. Smith, Lyons, Torrance, Stevenson & Mayer, Suite 3400, The Exchange Tower, P.O. Box 420, 2 First Canadian Place, Toronto, Ontario, M5X 1J3 or elsewhere as the Vendor and the Purchaser shall agree.

3. Vendor's Representations and Warranties: The Vendor represents and warrants to the Purchaser that:

- (a) the Property is in good standing under the Mining Act (Ontario);
- (b) the Vendor is the registered owner of the Property and has good and marketable title thereto, subject to no hypothec, lien, charge, encumbrance, agreement, option or claim of any third person;
- (c) the fulfillment of the Vendor's obligations hereunder will not be in contravention of any contracts or instruments to which the Vendor is a party or by which he is bound;
- (d) the Vendor knows of no action, proceeding or investigation pending or threatened involving the Vendor or the Property which places in question the validity or enforceability of this agreement; and
- (e) the Vendor is a resident of Canada within the meaning of the Income Tax Act (Canada).

4. Purchaser's Representations and Warranties: The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a corporation duly incorporated and organized and validly existing and in good standing under the laws of Ontario and is duly qualified and has the power to own its assets and to carry on its business in the places where such assets are owned and where such business is carried on;
- (b) the authorized capital of the Purchaser consists of an unlimited number of special shares issuable in series, an unlimited number of preferred shares and an unlimited number of common shares, of which [] common shares have been issued, as fully paid and non-assessable;

- (c) there are no options, agreements or rights affecting any of the issued or unissued shares in the capital stock of the Purchaser except for options which have been issued to certain directors of the Purchaser and ¶;
- (d) the shares, to be issued pursuant to paragraph 8 of this agreement, will be duly and validly issued on the Closing Date, as fully paid and non-assessable shares;
- (e) the fulfillment of the Purchaser's obligations hereunder will not be in contravention of any of the terms or conditions of any articles or by-laws of the Purchaser or any contracts or instruments to which the Purchaser is a party or by which it is bound; and
- (f) the Purchaser knows of no action, proceeding or investigation pending or threatened involving the Purchaser, or which places in question the validity or enforceability of this agreement.

5. Vendor's Covenants: The Vendor covenants as follows:

- (a) if requested by the Purchaser, the Vendor shall furnish to the Purchaser on the Closing Date a representation and warranty in form satisfactory to counsel for the Purchaser to the effect that all representations and warranties of the Vendor herein contained are true on and as of the Closing Date as if made on that date;
- (b) the Vendor shall cause all necessary steps to be taken to effectively and validly carry out the transactions herein contemplated;
- (c) the Vendor shall enter into such escrow or pooling arrangement as the Director or any Deputy Director of the Ontario Securities Commission considers necessary; and
- (d) the Vendor shall deliver to the Purchaser on the Closing Date the requisite transfers in registerable form, conveying the Vendor's interest in the Property to the Purchaser.

6. Purchaser's Covenants: The Purchaser covenants as follows:

- (a) if requested by the Vendor, the Purchaser shall furnish to the Vendor on the Closing Date a representation and warranty in form satisfactory to

counsel for the Vendor to the effect that all representations and warranties of the Purchaser herein contained are true on and as of the Closing Date as if made on that date;

- (b) the Purchaser shall cause all necessary steps and corporate proceedings to be taken to effectively and validly carry out the transaction herein contemplated; and
- (c) the Purchaser shall cause the share certificates representing the shares to be issued pursuant to paragraph 8 to be issued in the name of the Vendor on the Closing Date.

7. Conditions: The Purchaser's and Vendor's obligations under this agreement are subject to the fulfillment prior to the Closing Date of the following conditions with each of subparagraphs (a) and (b) being for the sole benefit of the Purchaser and being subject to being waived by the Purchaser and with each of subparagraphs (c) and (d) being for the sole benefit of the Vendor and being subject to being waived by the Vendor:

- (a) all the representations and warranties herein of the Vendor shall be true on and as of the Closing Date with the same effect as though they had been made on and as of the Closing Date;
- (b) the Vendor shall have complied with all covenants to be complied with by the Vendor as set forth herein;
- (c) all the representations and warranties herein of the Purchaser shall be true on and as of the Closing Date with the same effect as though they had been made on and as of the Closing Date; and
- (d) the Purchaser shall have complied with all covenants to be complied with by the Purchaser as set forth herein.

8. Purchase Price and Payment:

- (a) The Purchaser shall issue to the Vendor a total of 150,000 common shares in the capital of the Purchaser and pay or cause to be paid the royalty interest described in paragraph 9 hereof.
- (b) The parties agree that valid elections as required by subsections 85(1) and (6) of the Income Tax Act (Canada) will be made with the result that the transfer value of the Property for tax purposes

will be such amount as to give rise to no tax, or as little tax as possible.

9. Royalty Interest:

- (a) The Purchaser agrees to pay or to cause to be paid to the Vendor a royalty equal to 4% of the Net Smelter Returns (as hereinafter defined), from the Property commencing in the fiscal year of the Purchaser immediately following the fiscal year in which the Purchaser has recovered all of its capital investment and preproduction expenditures, including capitalized interest in respect of money borrowed or provided by the Purchaser for the purpose of placing the Property in production. The Purchaser will be considered to have recovered all capital investment, preproduction expenses and capitalized interest at the time when the aggregate of Adjusted Income (as hereinafter defined), equals the aggregate of all capital investment, preproduction expenses and capitalized interest.

Adjusted Income is defined as being the excess of the revenue earned by the Purchaser from the sale of minerals derived from the Property, during each fiscal year, over all expenses properly incurred during the said fiscal year, determined in accordance with generally accepted accounting principles applied on a consistent basis; the said expenses shall, however, not include income taxes paid or payable under any Federal or Provincial income tax legislation with respect to the said income but shall, without limitation, include:

- (i) all working expenses (other than smelting and refining) and such administration and overhead expenses as are reasonable and necessary to produce the said revenue;
- (ii) all taxes (other than income taxes aforementioned) and royalties imposed, charged or levied upon the Property and the minerals, metals, concentrates and material mined therefrom whether Federal, Provincial or otherwise;
- (iii) all interest in respect of money borrowed or provided by the Purchaser for the purpose of placing the Property into production and maintaining such production; provided, however, such rate of interest shall, on money borrowed or provided by the Purchaser, not be greater than two percent (2%) over the prime rate from

time to time as set by the bankers of the Purchaser; and

- (iv) depreciation of the cost of any additional equipment and facilities required to mine and process the ore, at such rates as will write off such expenditures and cost pro-rated over the estimated life of the orebody;

provided that, if in any fiscal year, the expenses referred to above exceed the said income for any such year, the excess shall be carried forward and be deducted as an expense from the income of the subsequent year or years as the case may be.

Net Smelter Returns shall mean the actual proceeds received from the sale of ore, ore concentrates, bullion, or other products extracted from the Property, to any mint, smelter or other ore buyer after deduction (to the extent they have not already been deducted by the Purchaser) of smelter charges, or in the case of bullion refining charges, penalties, and all transportation costs which may be incurred in connection with the transportation of ore or concentrates.

- (b) In recognition of the impossibility of accurately determining the value of the Net Smelter Returns within a reasonable period of time, the parties hereto agree that the present value of the Net Smelter Returns is \$1.00.
- (c) Payment of the Net Smelter Returns to the Vendor shall be made quarterly within 60 days after the end of each calendar quarter. Within 90 days after the end of each calendar year in which Net Smelter Returns are payable to the Vendor, the records relating to the calculation of Net Smelter Returns for such year shall be audited and any resulting adjustments in the Net Smelter Returns payable to the Vendor shall be made forthwith.
- (d) The said royalty shall be payable notwithstanding any future sale, lease or assignment of, or other dealings with, the Property. The Purchaser shall use its best efforts to cause notice to be given to the respective parties to any agreements relating to the Property or any successive leases, licences, grants or other instruments whatsoever relating to the Property, of the provisions respecting the said royalty evidencing the Vendor's interest therein.

10. Abandonment: In the event that the Purchaser intends to abandon the Property by giving notice of its

intention to do so to the recorder under Section 92 of the Mining Act (Ontario), the Purchaser shall first give notice to the Vendor of its intention, and the Vendor shall, at its option, have the right to require the Purchaser, or any successor thereof, to sell the Property to the Vendor upon payment by the Vendor to the Purchaser of the sum of \$1.00.

11. Evidences of Title: The Purchaser shall not call for the production of any title deed, survey or other evidence of title except such as are in possession or control of the Vendor.

12. Indemnification: The Vendor and Purchaser covenant to indemnify and save the other harmless with respect to all liability which the other may sustain or incur as a result of the incorrectness or breach of any representation, warranty or covenant of the Vendor or Purchaser, as the case may be.

13. Consolidation, Etc.: If at any time before the issuance of shares provided for in paragraph 8 herein, the Purchaser is amalgamated, consolidated or merged with another corporation (other than with subsidiaries with the result that the Purchaser is the continuing corporation without reclassification or change of its common shares), or subdivides, consolidates, reclassifies or otherwise changes its common shares, or sells or transfers all or substantially all its assets and undertakings to another corporation, then after the consummation of any such transaction the Vendor shall be entitled to receive instead of the shares specified in paragraph 8 hereof, the kind and amount of shares or other securities and property that he would get if he were a shareholder of such specified number of shares of the Purchaser immediately preceding the consummation of such transaction.

14. Waiver: No consent or waiver, express or implied, by a party to or of any breach or default by another party in the performance of such other party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligations of such other party hereunder. Failure on the part of a party to complain of any act or failure to act of another party or to declare another party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first mentioned party of its rights hereunder.

15. Survival: All representations, warranties, covenants and agreements made by the parties herein or pursuant hereto (except those, if any, duly waived in writing) shall speak as of the Closing Date and shall survive the Closing Date for a period of one year.

16. Governing Law: This agreement shall be construed and interpreted in accordance with the laws of the Province

of Ontario and the parties agree to submit any dispute arising out of this agreement to the courts of such Province.

17. Further Assurances: The parties hereto agree to sign or execute all such other deeds and documents and do such other things as may be necessary or desirable for more completely and effectually carrying out the terms and intention of this agreement.

18. Successors and Assigns: This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns, provided that this agreement shall not be assigned by either party without the express written consent of the other party.

19. Time: Time shall be of the essence of this agreement.

IN WITNESS WHEREOF the parties hereto have executed and delivered this agreement as of the date first above written.

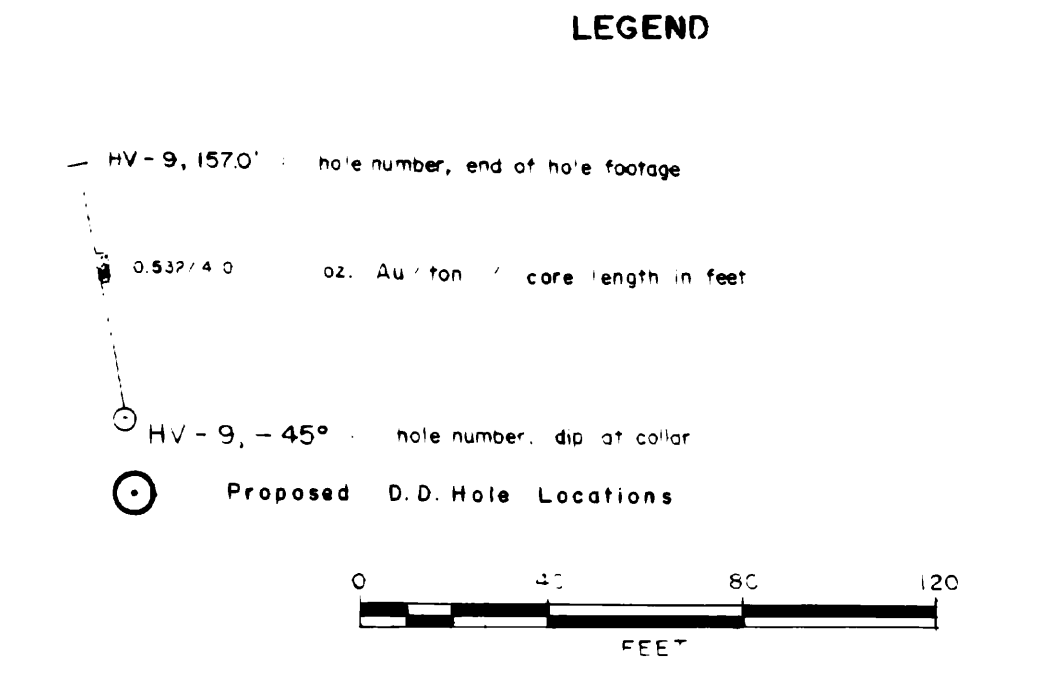
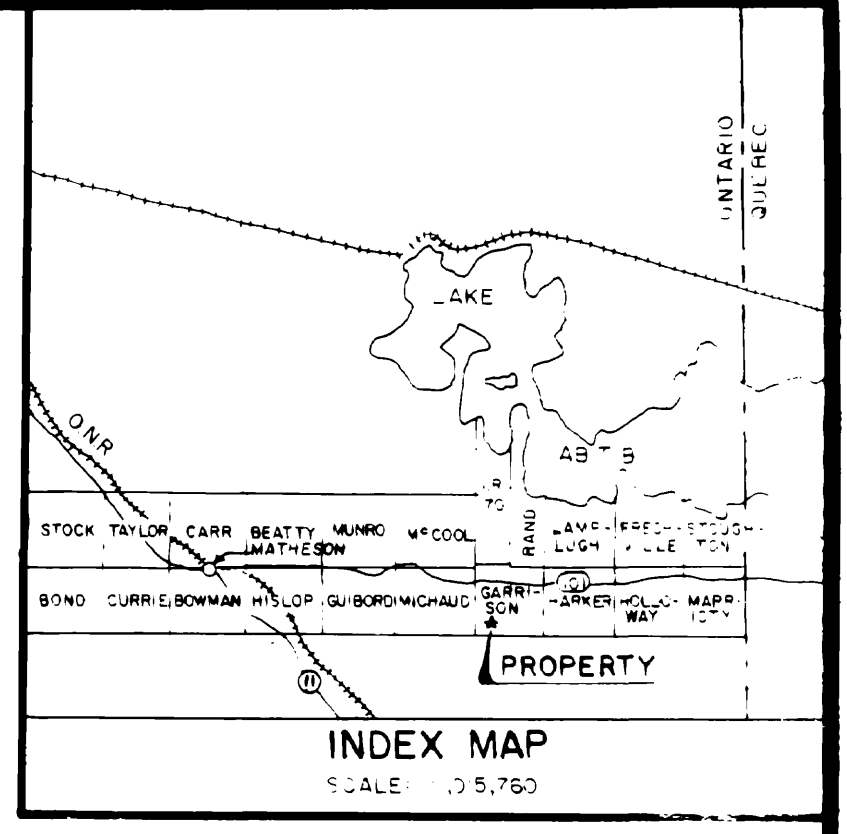
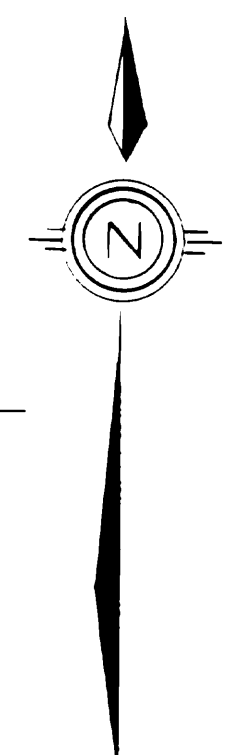
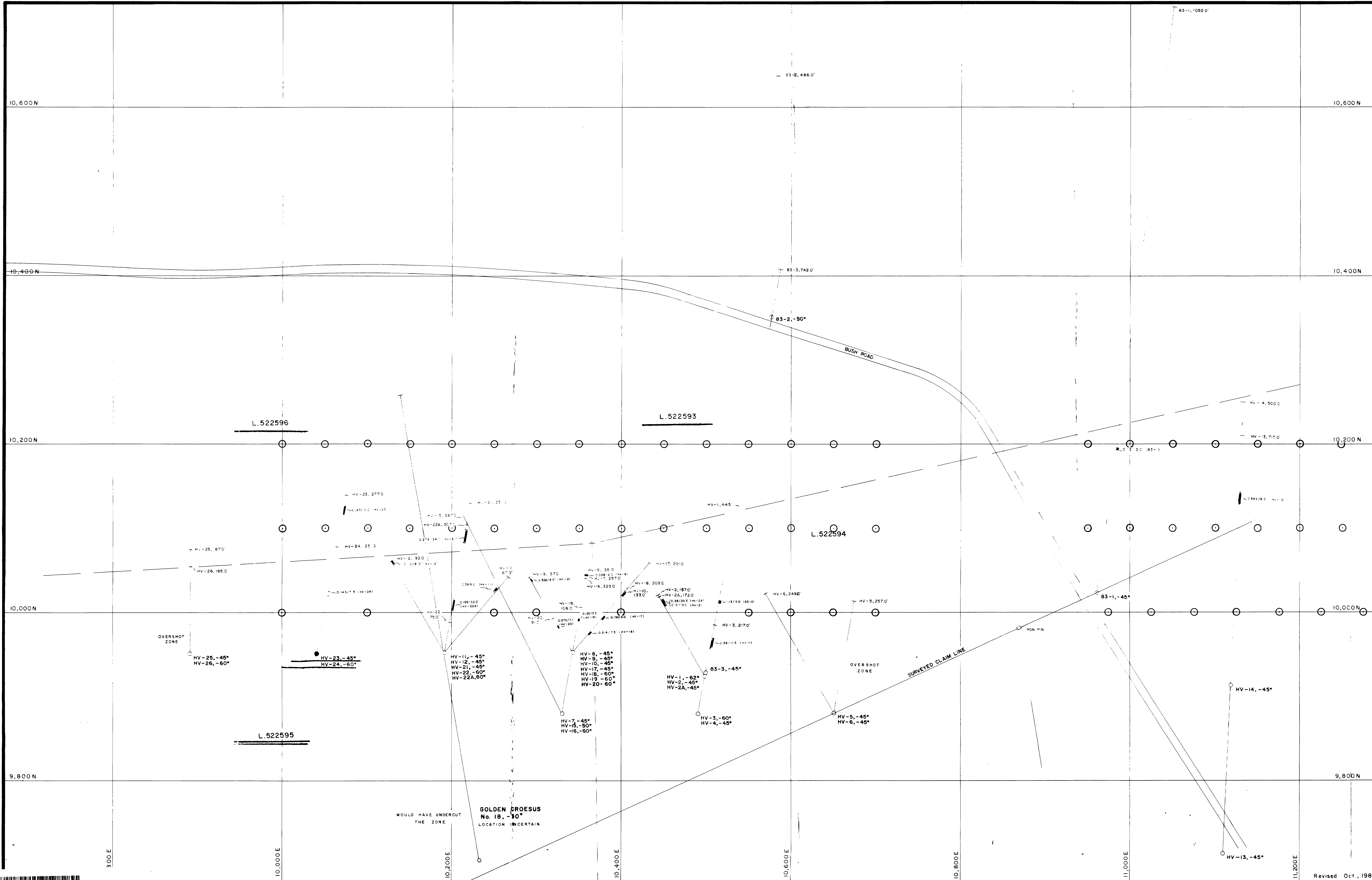
SIGNED, SEALED AND DELIVERED)
in the presence of)
)
)
)
)
)
_____)
Witness)

_____) l/s
John Ross Moses

WINTEROAD RESOURCES LIMITED

By: _____

By: _____ c/s



WINTERROAD RESOURCES LTD.	
GARRISON TWP. GOLD PROPERTY	
DIAMOND DRILLING COMPILATION	
APR 5 1988	
RECEIVED	
TWP/AREA: GARRISON	PROVINCE: ONTARIO
MINING DIVISION: LARDER LAKE	PROJECT No.
REFERENCES:	N.T.S. No.
DRAWN: R. REUKL	DRAFTED: M. F. [unclear]
SCALE: 1" = 40'	CHECKED: [unclear]
DATE: AUGUST 1987	SHEET No: PLAN #4

Revised: Oct., 1987

