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REPORT ON THE
GEOLOGICAL SURVEY AND PROPERTY EVALUATION
OIL CITY LUBRICANTS LTD.
PIPE LAKE PROPERTY, PILOT HARBOUR AREA.
N.T.S. 41N/13, ONTARIO.

H. Ferderber Geophysics Ltd.

November 1, 1994 Val d'Or, Quebec. Peter J. Hawley, B.Eng., B.Sc., Geologist, APGGQ.



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1.0 INTRODUCTION

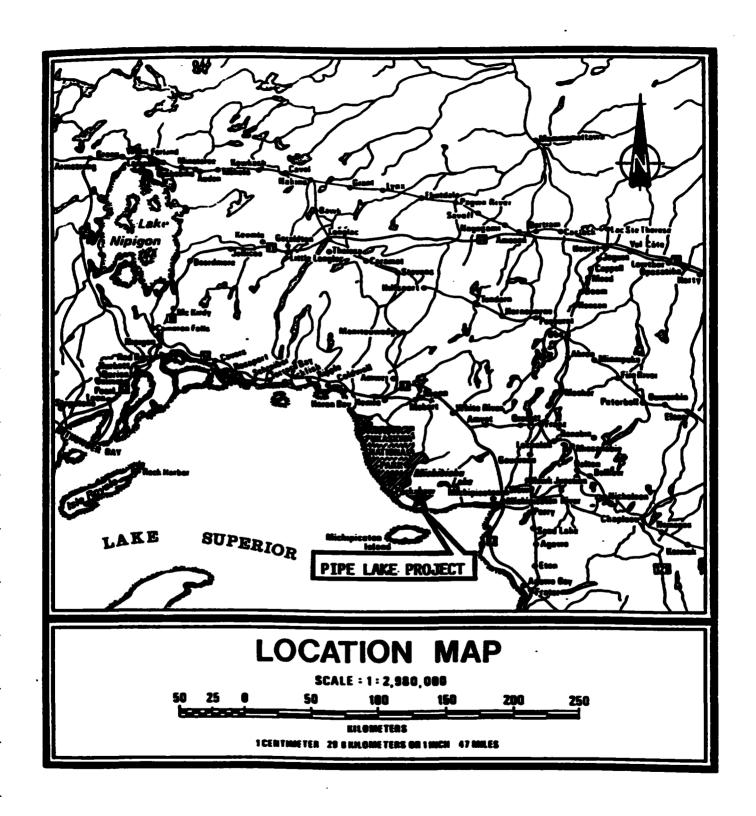
The Oil City Lubricants Ltd, 's Pipe Lake Property consists of 50 mining claims, (800 hectares), and is located in Pilot Harbour Area, Sault Ste. Marie Mining Division, Ontario. The Pipe Lake property has four known gold showings, three of which are labelled, from east to west, the Skyhook, V.G., and Siggy (Creek). The most notable of these is the V.G. Occurrence which has an average grade of 0.461 OPT Au over a strike length of 650 feet.

The October 1994 geology survey concentrated on five claims which comprise the 4 gold showings, intense structural deformation and strong alteration. The purpose of this survey was to determine if the gold showings are structurally controlled and to examine the theory proposed by Dr. Franc Jobin that the showings may be one mineralized horizon, displaced by north-northwest regional cross faulting.

To date, three ore zones have been discovered in the Mishibishu belt, The Magnacon Zone hosts reserves of about 1.3 mt of 8.6 GPT gold, while the Mishibishu Main Zone has indicated reserves of 1.1 mt of 5.7 GPT gold and the Eagle River deposit of 1.8 mt of 7.16 GPT Au.

2.0 LOCATION AND ACCESS

The Mishibishu Greenstone Belt is located immediately north of Lake Superior between Wawa and Hemlo. Road access is available to the belt via a gravel road from Highway 17 (50km northwest of Wawa) to the vicinity of the Magnacon and Eagle River Mines. Property access is then best achieved by either float-equipped aircraft to Pipe Lake or helicopter.



3.0 PROPERTY DESCRIPTION

The Oil City property consists of 50 contiguous unpatented mining claims located in the Pilot Harbour area in the Sault Ste. Marie Mining Division. The claim numbers are:

SSM 1037232 to 1037362 inclusive SSM 1037393 to 1037402 inclusive

All claims are currently held in good standing. The October 1994 geological program was performed on 5 claims (1037340, 1037341, 1037393, 1037394 and 1037395).

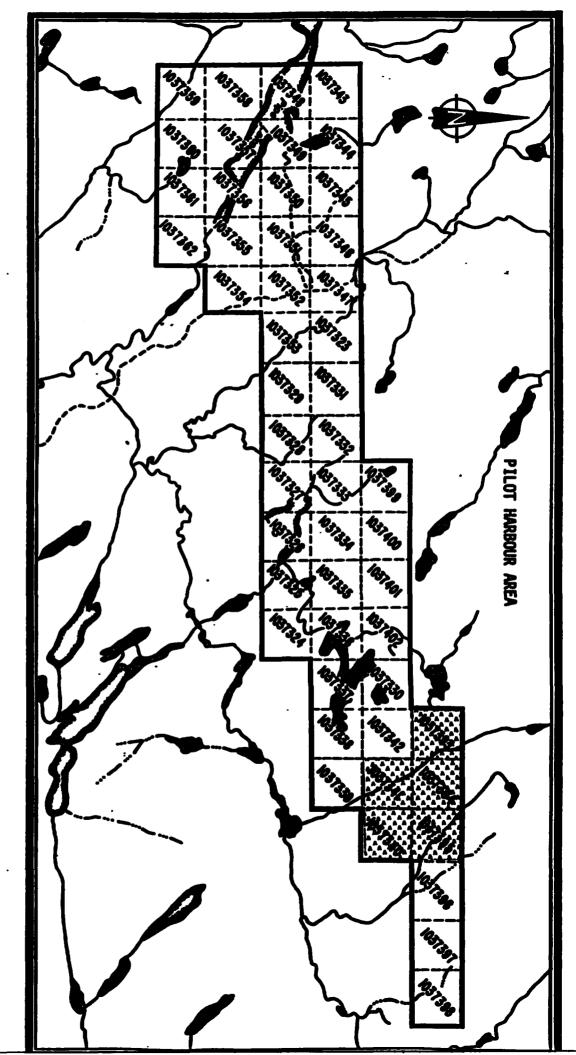
4.0 GEOLOGY

4.1 Regional Geology

The Mishibishu area has been described in several O.M.N.R. and O.G.S. geoscience and miscellaneous reports. Bennett, G. and Thurston, P.C. mapped the Mishibishu Lake Belt in 1968 for the O.M.N.R. and published their results with accompanying geological maps at a scale of 1:63,350 or 1 mile to the inch in 1977, (Geoscience Report 153). In 1985, the belt was remapped by Bowen and published on preliminary maps P2970, 2968, 2971 and 2972. A more intensive mapping program was completed by Bowen in 1986 and Reid, in 1987.

The Mishibishu Lake belt is a typical Archean Greenstone Belt; an arc-shaped package of metavolcanic and metasedimentary rocks located within the Superior structural province and the Wawa belt subprovince of the Canadian Shield (Stockwell et al., 1968). It is one of many belts of supracrustal rocks that are similar in trend, variable in size and separated by intrusive granites and tonalitic gneisses. The belt has an east-west orientation measuring 16 km. (9.9 mi.) wide and 55 km. (34 mi.) in length.

Particularly, the belt consists of sequences of mafic to felsic metavolcanics and chemical/clastic metasediments cut by mafic to felsic dykes and sills bounded by granitic plutonic and



OIL CITY LUBRICANTS LTD.

PIPE LAKE PROJECT
PILOT HARBOUR AREA

Scale: 1" = 1/2 mi

batholithic rocks. These rocks, are in turn, cut by an unusually high number of diabase dykes. The belt's form is described as a broad anticline. It is flanked on the south and north by large granitic batholiths (Southern Batholith and the Northern Batholith) and centrally by the Bowman Lake Batholith. This has been intruded by a granitic pluton and stock (the Central Pluton and the Mishibishu Lake Stock).

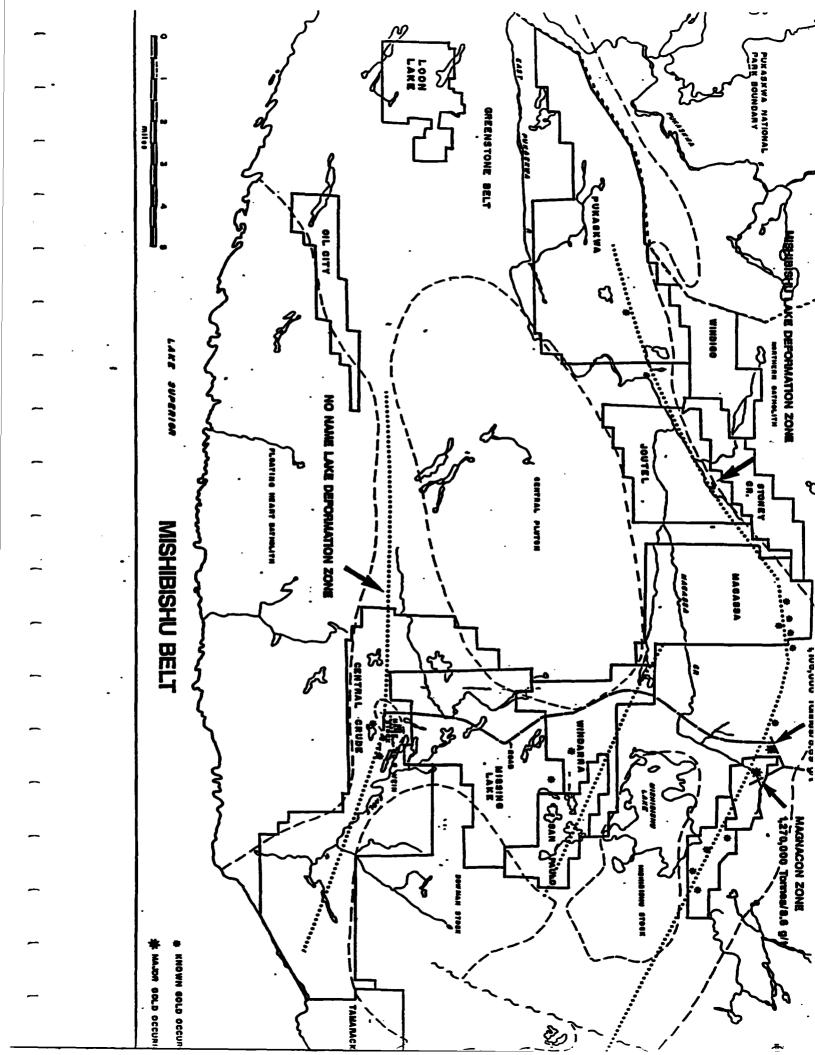
The Central Pluton separates the Belt into two distinct bands or limbs; the northern limb has a higher proportion of sedimentary rocks; the southern limb has a greater quantity of mafic volcanic rocks and oxide iron formations.

The "deformation zones", locally accompanies by intense alteration in addition to sulphides and gold mineralization, are the main targets of exploration.

Gold mineralization in the northern limb like that of the Magnacon Mine is generally accompanied by arsenopyrite whereas in the southern limb there is an absence of an arsenopyrite association; an example being the eagle River deposit.

The majority of supracrustal rocks in the region are Late Archean in age. The volcanics are thought by O.G.S. geologists to consist of a single volcanic sequence of mafic, massive and pillowed flows and pyroclastics of magnesium tholeite, iron tholeite and calc-alkalic affinity. This writer, however, feels that there are at least three volcanic sequences, possibly four; the result probably of a single source.

Chemical metasediments, typically a narrow package, found usually at the interface with clastic metasediments or within the sequence can be used as a marker distinguishing one volcanic sequence from the next. These chemical metasediments consist of magnetitic chert interbedded with magnetite ironstone which, in some places, are extremely contorted and brecciated. Sulphitic (pyrite) and graphitic units are less common. The clastic metasediments consist of polymictic matrix and clast-supported conglomerates, oligomictic quartz pebble and granule conglomerates, wacke, arkose, and laminated mudstones.



All rocks sequences are modified by the large-scale igneous intrusions which caused a greater degree of extensionalism within the mid-to-northern limb areas and intense compression within the southern limb areas. This modification also created an aureole around each intrusion where all rocks experienced contact metamorphism. In these areas, all primary textures have been destroyed and in adjacent areas, overprinted.

Several thick gabbroic-textured flows and synvolcanic sills and dykes were mapped by O.G.S. geologist in 1985. Their follow up analysis indicated that the metavolcanics were derived from a single source.

Intermediate/felsic flows and moderately thick units, 1 metre (3.3 ft) to 5 metres (16.4 ft.), of pyroclastic rocks, are intercalated with mafic metavolcanics. Felsic and intermediate metavolcanics comprise less than 10% of the rocks in the area central to Mishibishu Lake with mafic metavolcanics and metasediments comprising 30% to 40% each and the remaining 10% to 30% plutonic rocks.

In the Mishibishu Lake area, a series of basalt flows (iron theleiitic?) and pyroclastics (tuffs) were mapped by government geologists. These flows are massive with some extensive pillowed basalt flows. Porphyritic flows with plagioclase phenocrysts varying from 1 cm (.39 in.) to 2 cm (.79 in.) to upwards of 10 cm (3.9 in.) were used as marker units. The basaltic flows and pyroclastic units often are separated by interflow metasediments commonly separated by felsic welded tuffs and porphytitic flows. The welded tuffs are only identifiable by thin section work and not discernable in the field. The felsic units, in some instances, show definite cross cutting relationships to the mafic units suggesting that they are intrusions.

Contacts between the mafic and felsic units have been observed only rarely. Preliminary thin section work by the O.G.S. has identified a tuffaceous origin for two of the felsic units.

Several felsic to intermediate plutonic bodies, the most extensive being the Mishibishu Lake monzonite stock, occur

throughout the region. The rock is coarse grained, orange-red to orange with magnetite dusting throughout the extensive epidote alteration. Quartz is rare and pyroxene is the major mafic mineral. Some of these plutonic bodies are massive while others are foliated; this may indicate age differences. The conformable nature of the foliation and the sills within the belt is the result of high shear strains and progressive reorientation during the shear zone's evolution (Gold '86, p. 49).

The entire region, as previously mentioned, is cut by diabase dykes which generally reflect a more mafic appearance in the older the dyke. Generally, the preferred strike direction is N30E, N40W and N-S. Two types are observed: an olivine-bearing diabase, usually N-S trending and a quartz-bearing diabase, commonly either NE or NW trending.

Regional metamorphism is to greenschist facies with amphibolite facies encountered near the contact with stocks and batholiths. Rocks within the greenschist facies exhibit alteration as intense carbonatization such as calcite and ankerite and sericitization. In rocks within the amphitolite facies, carbonatization is not present but garnet, staurolite, and biotite reflect alteration.

All known gold occurrences to date have been discovered in the greenschist facies rock or within greenschist retrogated, amphibolite facies of rocks (Heather, 1985).

The government geological survey conducted during 1985 observed that mafic diatremes of Proterozoic age occurred in a few areas as well as that several flat-lying amygdaloidal basalt flows occurring unconformably over steeply dipping Archean rocks. Generally, bedding dips moderately to steeply to the north, however, there is a lack of definitive structural or stratigraphic data over the entire greenstone belt.

The supracrustal rocks have been affected by a number of brittle-ductile deformation zones, the most notable being the Mishibishu Deformation Zone (MDZ) which is 200 (656.2 ft) to 500 metres (1,640.4 ft.) wide. This structure consists of a number of

discrete subparallel zones of highly sheared and variable altered rock separated by areas of less deformed rock. A strong chlorite/sericite/quartz composition layering interpreted as a shear foliation characterized these fault rocks.

The most intense deformation occurs in clastic metasediments along primary lithological contact. To date, the most intense deformation, and alteration occurs proximal to the Mishibishu Lake Stock. Elements of the deformation zone can be traced east and southeastward to Lake Superior and west to David Lakes.

4.2 Property Geology

The Oil City claims lie on the south limb of the Mishibishu Greenstone Bet along strike with Central Crude-Hemlo Gold's Eagle River Mine.

The rocks consist of east by northeast and east by southeast striking supracrustal mafic to intermediate volcanic rocks. Mafic intrusive bodies of gabbroic (west) and dioritic (east) rocks have been mapped and show variable deformation. Diabase dykes vary in width up to 70m wide and predominately trend northwest although some north-south dykes are also known. A pluton of dioritic composition displays potassic alteration of feldspar grains, giving it a reddish colour. Some chlorite and epidote alteration also occurs, typically fracture related. The alteration and locally more intense foliation development often give the diorite a banded appearance.

All lithologies have been metamorphosed to lower greenschist facies with local amphibolite facies proximal to the intrusive bodies.

The Oil City geology may be divided into five basic units; each may be further subdivided by internal variations.

Unit 1 - Mafic Volcanics

Mafic volcanic rock predominated across the south and northeastern portions of the property. They consist of aphanitic, massive to foliated flows, black to dark green in

colour which weather green to buff. A rarer porphyritic flow is also noted. Euhedral hornblende phenocrysts are discernable within the melanocratic ground mass.

Mafic volcanoclastic sequences are interbedded with and possibly to flows described above. An agglomerate unit with elongate mafic clasts has been observed in the past, in various locations across the property. At one location it is overlain by an ash tuff containing intermediate bombs.

The tuff is often a lapilli-tuff with a mixture of rounded mineral crystals and volcanic grains. In some outcrops, grading suggests tops to the north.

Unit 2 - Intermediate To Felsic Volcanics

Intermediate to felsic volcanic rock is comprised mostly of dacitic flows and lapilli-tuff. These units predominate in the northern half of the property. The flows are massive with rare rhyolite flows.

The tuffs and lapilli-tuffs contain a large percentage of small, rounded feldspar phenocrysts in addition to mafic grains and occasional rounded quartz eyes.

Unit 5 - Mafic Intrusive

Across the centre of the property a gabbro intrusive was mapped previously as an ophitic gabbro flow. The unit shows a lack of flow texture, interlocking, equigranular crystals and a gradation from fine to coarse grained. Locally, 3 cm long feldspar phenocrysts within the gabbro were noted.

Unit 7 - Felsic Intrusives

To the east a dioritic body is exposed. Zones of silicification, pink staining (potassic feldspar or hematite) and biotite enriched bands are developed in weak shears.

To the south the diorite is quartz rich but becomes more feldspathic to the north, possibly indicating more than one phase of intrusion.

Unit 9 - Diabase Dykes

Dykes in the region are equigranular, medium grained, magnetite-epidote bearing intrusives with traces of pyrite and rare pyrrhotite. They trend WNW generally, dip vertically and

are most concentrated in the southwest corner of the property. Two north-south dykes in this area appear to act as feeders to the smaller dykes.

Continuous magnetic trends have been found to correlate well with certain diabase dykes. This is considered to represent late-stage dykes with a stronger signature than earlier dykes.

4.3 Economic Geology

An excellent gold potential exists in the region. Numerous, parallel to subparallel, extensive and structurally complex deformation/shear zones with associated local packages of highly developed alteration have been and continue to be discovered in the belt as more exploration is completed.

Gold mineralization appears to be structurally controlled and can occur in any rock type given the right set of conditions. The potential for an exhalative syngenetic gold deposit is minimal and field mapping to date has revealed little evidence to suggest any encouragement to this line of thinking.

Structures such as shear zones, intersections of two shear zones or a shear zone in an impervious rock type appear to be the favourable areas to explore for hydrothermal alteration. The most favourable environment for gold mineralization appears to be quartz stockworks located in the core of sericitic alteration zones.

Besides gold, the area possesses little potential for base metals, although previous exploration has discovered small occurrences west of Macassa Creek.

Lack of road transportation previously experienced within the belt has precluded the use of heavy equipment for stripping and trenching which has hindered exploration significantly.

Presently, the Mishibishu Lake greenstone belt hosts all known gold showings and deposits within zones of high strain, commonly localized at lithological contacts such as volcanic-sediment contacts; this is due to the competency contrast between lithologies. The most widely known, because of the O.G.S.'s limited investigations, is the Mishibishu Deformation Zone (MDZ)

located on the northern limb; probably the result of the large Pukaskwa Gneiss Complex intrusion to the north.

Immediately to the north of the Mishibishu Lake Stock, within the 7 km (4.4 mi.) long portion of the Mishibishu Deformation Zone six presently known significant gold showings occur within extensive zones of intense hydrothermal alteration. Several of these showings exhibit a systematic pattern of alteration which are gradational in nature. In order of increasing proximity to the mineralized zone, the predominant alteration consists of:

(i) chlorite-calcite
(ii) chlorite-ankerite
(iii) chlorite-sericite
(iv) sericite-quartz schists

The O.G.S. found that the gold bearing zones occurred within the sericite-quartz schists as vein complexes which appear to cut the foliation at low angles. This suggests that they occupy brittle fractures which as shear fractures which developed late in the shear zone's development (after Heather, 1985).

Within the Mishibishu Lake area, quartz feldspar and feldspar porphyry dykes are observed to be cut by and cut the gold mineralization.

The extensive exploration completed within the Mishibishu Greenstone Belt in 1988 has resulted in the knowledge that each area in the belt is different. The mode and extent of gold mineralization cannot modelled be until further exploration and analysis is completed in all areas of the belt. The type of gold deposits, having either synvolcanic and/or metamorphic ores, based on stratigraphic and structural relationships will aid in the discovery of future deposits in the area.

It is important when exploring any area of the belt to remember that the gold mineralization may occur in any rock type including the granite.

Exploration work in the belt, as previously stated, has resulted in extensive information about the nature of the gold

mineralization. This information indicates that the geology of the northern and southern limbs and the central regions differ greatly.

Several important considerations should be considered:

- 1) The Eagle River deposit on the southern limb is genetically a low sulphide system characterized by intense silicification, and potassic alteration assemblages; the Magnacon deposit is also a low sulphide system characterized by a calc-silicate alteration assemblage.
- 2) All gold mineralization is hosted in shear zones and faults.
- 3) Structures in the zone are characterized by a progressive transition from early ductile deformation to a later brittle deformation.
- 4) The early deformation features are characterized by linear, roughly north-south folds.
- 5) The later deformations, noted by diabase offsets, appear to be oblique strike-slip faulting events probably representing a second period of faulting.
- 6) The primary gold mineralization is characterized by a complex history of alteration and veining with the alteration intensity varying to complete textural destruction.
- 7) Generally, the gold occurs as free gold in the form of coarse grains and fines in quartz veins and in alteration zones. However, not all quartz veins, even those associated with alteration, are mineralized.
- 8) The gold probably was remobilized during hydrothermal alteration and greenschist metamorphism.
- 9) A well developed fracture system accompanies by quartz veining was intensively fractured by faulting.

5.0 PREVIOUS WORK

In 1988 Dominion Explorers Inc. performed an exploration program on the Pipe Lake property which was optioned to Central Crude Ltd. by Oil City Lubricants Ltd.

Listed below is a description on mineralization encountered by Dominion Explorers.

5.1 Mineralization

Previous analysis indicates that the mode of gold mineralization, both low and anomalous values, is primarily that of fissure filling and impregnation.

Pyrite, usually disseminated in nature and in amounts up to 8%, is the main sulphide although very minor chalcopyrite was encountered.

Visible gold was observed within a 20 centimetre (8 inch) wide pyrite-bearing, hematite stained quartz vein in one location, on very high ground straddling the north-south claim line between SSM 1037341 and SSM 1037340. Nine quartz vein grab samples returned an average grade of 0.46 oz/ton Au with up to 2 ppb Ag. Twenty-four rock samples were taken from the showing and from nearby outcrops; only the quartz and wall rock was assayed. A twenty kilogram (44 lb.) bulk sample was taken from the main vein and divided into six "grab" bags; this returned an assay value of .599 oz/ton Au. Another bag of quartz fragments (GR-003) collected within the area in which visible gold was noticed returned an assay value of only 34 ppb Au.

The enclosing intermediate volcanics and volcanoclastics of the showing are north dipping, ranging from 24 to 60 degrees, eastwest trending with a distinct layered appearance. A felsic porphyry dyke and a northwest trending diabase dyke occur immediately to the west. This requires stripping to investigate structural implications.

Open folding exhibited the same north trending, easterly dipping (70 degrees) attitude axial plane and an approximate 36 degree northerly plunge. A weak foliation of the country rock was found to trend southwest and dip 28 to 66 degrees to the northwest.

The showing is comprised of the "main" 20 centimetre (8 in.) quartz vein, a parallel 2 centimetre (.8 in.) quartz vein several centimetres to the immediate south of the main vein and another 2 centimetre (.8 in.) quartz vein 8 metres (26 feet) west of and on strike of the main vein. These veins are opaque and generally fine grained, granular in texture with minor disseminated pyrite and

hematite stained in fractures. Tourmaline occurs locally in small amounts. No obvious alteration with the exception of an extremely siliceous east-west trending, northerly dipping structure to the immediate west of the diabase dyke was noted which requires investigation.

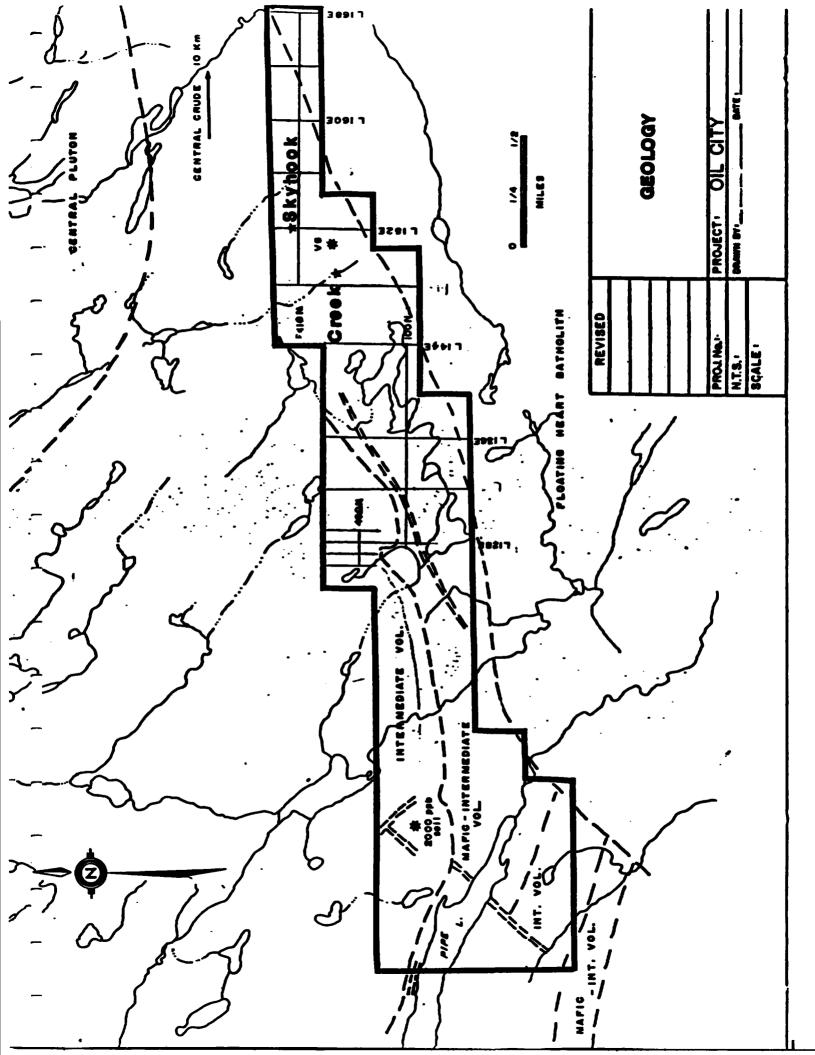
South of the showing approximately 35 metres (115 ft.), numerous exposures of fine grained, foliated altered rock probably gabbroic or intermediate volcanics occur. An east-west trending quartz veinlet with a trace of gold, 23 ppb, was encountered here. Ironstone float was also found here. Northeast of the showing approximately 50 metres (165 ft.), a barren 20 centimetre (8 in.) wide brittle, northeast trending quartz vein was discovered. Southwest, approximately 15 metres (49 feet), a coarse grained leucocratic, porphyry dyke of undetermined width intrudes the To the west, approximately 60 metres (197 ft.) a major NNW-SSE trending ravine was noted within which a 360 metre long (1,181 ft.), lake exists. Prospecting found the existence of carbonated, brecciated, pyritiferous volcanic rock. outcrops exist within 100 metres (328 ft.) north of and 200 metres (656 ft.) east of the showing.

In 1989 Noranda Exploration Company Ltd. was included within the option with Central Crude Ltd. Listed below is a description of mineralization encountered and descriptions of the areas trenched.

Three significant occurrences were found within the eastern part of the Oil City property.

The first is a zone of sheared diorite hosting at least four conformable quartz veins ranging from 10 to 25 cm width as well as several smaller conformable veins (Skyhook Showing). This is located roughly 50m south of the contact between the diorite and a mafic volcanic unit to the north.

The quartz has a sugary texture due to re-crystallization, and shows strong limonitic staining and trace amounts of pyrite. The strike of the shear zone is roughly 30 degrees; the dip is roughly 65 degrees to the northwest and the zone is from six to ten metres



in width. Its strike length is undetermined due to the limited surface exposure. However, similar quartz-bearing shear zones have been seen roughly along strike length approximately 200m away from the occurrence both to the NE and the SW. Assays of samples from this occurrences were insignificant.

The second occurrence is located within a large lineament, easily identified by the presence of a deep, narrow gorge, trending at 330 degrees (Siggy Occurrence). A small stream flows along its base. The centre of the lineament is strongly brecciated, regardless of local lithology, with strong epidote, hematite, and potassic alteration along stringers. Potassic alteration of the feldspar grains has also occurred within the host rock. Local carbonate, chlorite and sericitic alteration also occurs. The alteration zone extends for roughly 100m on either side of the brecciated core.

At roughly 106+75N, along flagged line 149E, there is a strongly brecciated zone with quartz-carbonate-hematite injection along fractured surfaces. Locally, the quartz is abundant, with weak to moderate pyrite mineralization, and extensively fractured.

The adjacent rock is strongly silicified, with moderate amounts of fine grained pyrite mineralization. Numerous small quartz "splays" are visible in outcrops roughly 10m to the west. The highest assays returned in this vicinity was 2.34 g/t Au.

A region of small, roughly parallel shear zones extends from L146E to L142E between 105+50N and 105+00N. Many of these zones host small conformable quartz veins with limonitic alteration and pyrite mineralization both within the quartz and the host rock. No significant assays were returned from this area.

The third occurrence is known as the VG showing which consists of a 2-10cm wide gold bearing quartz vein within sheared gabbro/diorite. The shear zone has been traced for approximately 200 metres and is located in the eastern portion of the property.

5.2 Trench Geology

VG Showing

The VG vein is hosted by chlorite schist in a linear zone of sheared gabbro/diorite. The VG vein appears to have been the first vein explaced along this structure and was folded and disrupted by the later intrusion of felsic dykes and barren quartz veins accompanied by further shearing.

In the area of the original showing quartz-carbonate alteration is evident probably associated with the intrusion of a later felsic dyke. A fine grained sericite-feldspar schist becomes more common along the eastern extension of the zone.

The shear zone itself is very linear having been followed along a strike length of 200m at azimuth 70 degrees. The zone is generally expressed by a topographic low with massive prophyritic gabbro exposed to the north and a foliated gabbro with amphibolitic and prophyritic bands exposed to the south. The massive prophyritic gabbro generally dips steeply to the north (50-80 degrees) while the banded gabbro is more shallowly dipping at 20-50 degrees north. The shear zone dips between 45 and 80 degrees north.

A total of 94 samples, mainly rock chip, were taken in the six trenches excavated along and across strike.

Significant assays have been received from samples taken along the VG vein up to 30 g/t, up to 114 g/t previously). However in the area of the original showing thicknesses range from 2 to 20cm with the vein fading into a chlorite schist stringer zone exposed within the trenches. Sampling of other veins and alteration in the zone has generally failed to produce encouraging results. One trench 90m to the east exposed a well mineralized quartz vein (1-5% py, 1% cpy) 40cm to 50cm wide in a chlorite schist/sericite schist zone up to 3m wide. This is the widest known occurrence of the zone however trenches 45m to the west and 35m to the east failed to reveal any significant quartz veining and the width of the shearing is decreased to 1m or less. The last trench completed to the east exposed only a 20cm chloritic shear.

Skyhook Showing

Discontinuous quartz veins occur in a discreet zone 2 to 3m wide, exposed along 50m hosted in porphyritic mafic volcanics. Veins vary from 1 to 30cm wide with 1-3% py, minor cpy, asp, and are associated with localized weak hematite, epidote, and potassic alteration. Orientation of the zone is fairly consistent striking at about 30 degrees and dipping 60 degrees north.

A sheared contact with diorite occurs within 10m to the south of the zone. The diorite is generally massive, equigranular with weak foliated structures.

A total of 13 samples were taken in a 100m long trench excavated across strike of the original exposure. Sampling was a combination of chip and grab.

An attempt was made to follow the Skyhook zone along strike initially. However, the quartz stringers appeared to terminate near the last point of previous trenching and merged with a zone of weak carbonate alteration. No continuation of the zone was evident in the across-strike trench completed 20m downstrike (south-west). A weak alteration zone with minor quartz and carbonate veinlets with 1% py, minor cpy may represent the extension of the target in the across-strike trench. A sheared contact with the diorite approximately 10m to the south does not appear to host any significant veining or mineralization. Minor shears and quartz veining trending sub-parallel to the Skyhook occur throughout the exposed section in the porphyritic mafic volcanics and the diorite.

5.3 Diamond Drilling

In December 1989, Noranda drilled two holes to investigate the VG Showing. Listed below is a description of their findings.

A diamond drill program was conducted on the property from December 10 to December 15, 1989. a total of 416 ft. of AXT core was recovered from 2 holes. The core was logged and split, and is currently stored at Cameron Lake and at the drill site. Selective splitting was done on zones of alteration, mineralization, shearing, etc., with samples shipped to Warnock Hersey Laboratories

in Winnipeg where analyses for gold were completed using fire assay techniques. The purpose of this drill program was to test the continuity of the visible gold showing at depth.

The predominant rock type in the vicinity of the gold showing is a weakly sheared, medium grained diorite. The diorite-mafic volcanic rocks, east-west trending contact is abound 15m south of the showing exposed by surface trenching. Several small, conformable units of intermediate volcanic flows, as well as small mafic to intermediate dykes were noted. Most rock types are affected by narrow, weak to intense silicification.

Measurements of foliation angles to core axis indicated a general east-west trending and moderately north dipping lithological units. However considerable abrupt changes of foliation make it difficult to determine orientation of the shear zones.

The present drilling program revealed three moderately north dipping shear zones. The most northerly shear zone consists of sheared diorite with chloritic alteration and minor quartz stringers. The second shear zone which was the target of the drill program is localized in intermediate volcanic rocks associated with minor quartz veining. The third zone only intersected in hole OC-1, consists of sheared intermediate to mafic volcanic flows with a quartz-rich section approximately 16 inches thick. The later is associated strong epidote and chlorite alteration and about 5% sulphide mineralization in the form of chalcopyrite, pyrite, and pyrrhotite, (area sampled by the author).

Both holes Oc-1 and OC-2 intersected the weakly sheared target visible gold zone in intermediate flows with chlorite, biotite, traces of sericite alteration and quartz stringers. But analyses of the core yielded anomalous gold values of only 0.34 and 0.51 gpt, respectively. The gold values obtained in the surface quartz vein do not appear to extend to any depth. Hole OC-1 intersected the zone at 23.6m below surface and OC-2 at 55.0.

6.0 GEOLOGICAL SURVEYING PARAMETERS

Geological surveying and mapping was conducted by H. Ferderber Geophysics Ltd. during October, 1994. The survey concentrated in the areas which comprise the 4 gold showings, intense structural deformation and strong alteration-mineralization. Mapping was performed at a scale of 100 1 inch equals feet channel/grab/core samples analyzed for gold in ppb. An E-W base line was established using the claim post #1 of claim 1037341 for a zero reference point. All geological traverses used the base line for position placement.

7.0 DISCUSSION OF RESULTS

Concurrent with mapping, sampling was carried out over quartz veins, silicified zones, structurally deformed zones and sulphide enriched areas. Old workings and drill hole collars were located, as along with drill core left on sight. Rock core description, assays and type of samples are presented in Appendix 1.

In the area of the Creek Occurrence (Siggy) (Map G.1) on the west side on the N-NW linear lake-river system an area of intense brecciation, silicification, alteration and sulphide enrichment was encountered. Mineralization consisted mainly of 1-20% fine disseminated pyrite with some breccias containing 2-4% chalcopyrite and malachite. Sample 9763 which was a breccia as described above assayed 3760 ppm Cu. Other samples of breccia zones with carbonate and epidote alteration returned assays of 220, 10, and 10 ppb Au respectively. In the VG Occurrence area all trench workings were mapped. No samples were taken of the trenches due to the great number previously taken by Dominion Explorers and Noranda.

To the west of the VG Occurrence and on strike of the main mineralized quartz vein system, 2 quartz veins were uncovered which are thought to represent the western extension. Quartz vein sample 9769 assayed 10 ppb. Again on strike to the west in the creek

breccia zone area, sample 9751 assayed 220 ppb Au and may be related to the VG Occurrence.

To the south of the VG Occurrence various mineralized areas were uncovered near the intrusive/mafic volcanic southern contact. Sample 19503 of sheared hornblende-biotite granodiorite with pyrite and chalcopyrite mineralized assayed 20 ppb Au and 370 ppm Cu.

To the north at the Skyhook Occurrence multi-quartz veins, 2 inches to 2 feet were observed. Sample 9771 located in a rusty, strongly sheared intermediate metavolcanic returned values of 210 ppb Au.

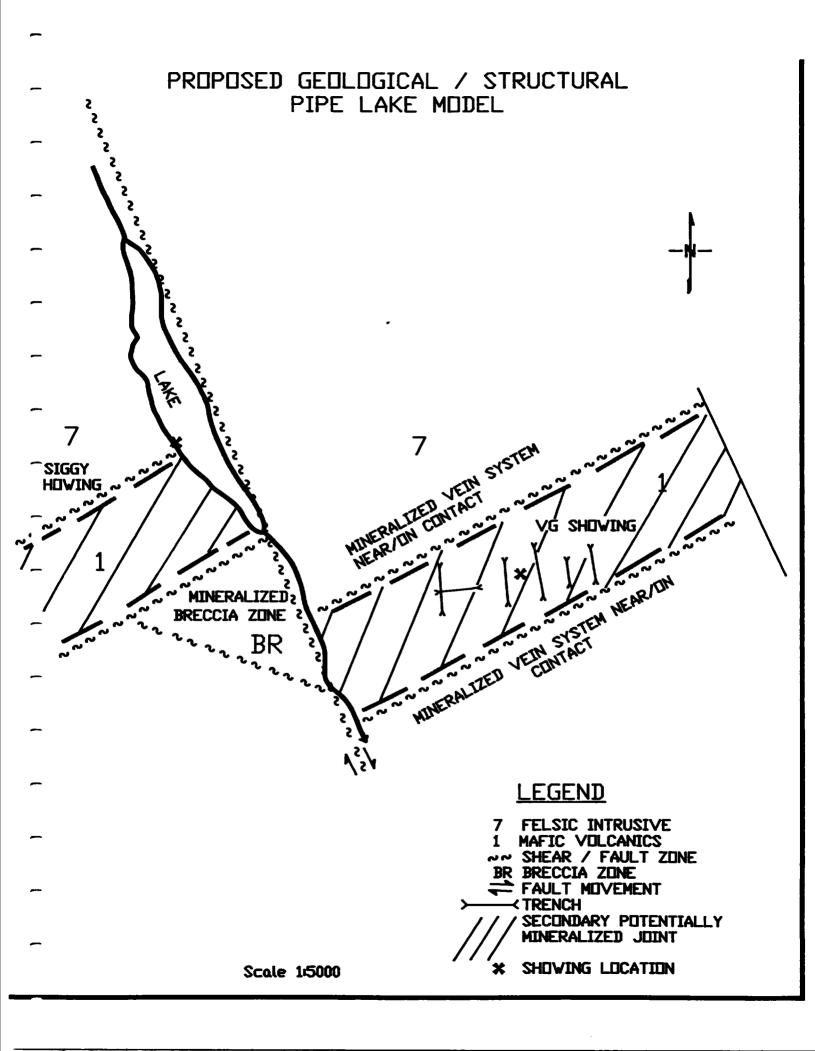
The Noranda drill core left on site was viewed and two samples taken from Hole OC-1. Sample 9775 from 194-196.5 ft. (2.5 ft.) of a weakly sheared chloritic felsic volcanic with 1-5% pyrite and 1% chalcopyrite assayed 30 ppb Au. Sample 9775 from 196.5 to 198.5 ft. (2.0 ft.) was a continuation of the above described unit and returned an assay of 10 ppb Au.

Two other sections of core from OC-2, with unknown footage, returned nil values.

8.0 CONCLUSIONS AND RECOMMENDATIONS

The Oil City Lubricants' Pipe Lake property contains 4 known showings and one high grade gold showing. The VG Occurrence contains visible gold within an eight inch wide pyrite-bearing, hematite stained quartz vein. Surface stripping and trenching has proven the vein to have a strike length of at least 200 metres. A 44 pound bulk sample taken by Dominion Explorers returned an average grade of 0.599 OPT Au. Later work by Noranda confirmed this grade.

The purpose of the 1994 three day property examination was to evaluate the property's potential with respect to structural deformation, alteration and mineralization. It is the author's opinion that the Pipe Lake property contain excellent conditions for hosting economic gold mineralization.



To date 2 drill holes (one drilled below the other) have tested the high grade V.G. Occurrence and reported low Au values. Considering the sporadic nature of visible gold, and the fact that only one section of at least a 200 metre auriferous vein structure was tested, one can not conclude that this drilling has properly explored the vein system. In the short time the author had to view the property, 29 channel and grab samples were taken from new mineralized quartz veins, breccias and host rocks. Of the 29 samples taken 7 report values from 10-220 ppb Au and 3 others assayed 180-3760 ppm Cu. Two quartz veins and a breccia zone, all of which are on strike, to the west, of the VG Occurrence were found. It may be possible that these are all the same zone, if so the VG Occurrence would have a strike length of at least 600 metres. (See map on next page).

It is the author's opinion that the mafic volcanic unit which contained the VG Occurrence may have the potential for a strongly sheared, mineralized vein system on the north and south contacts with the felsic intrusive. An example of this theory is the VG Occurrence which is a strong, sericite, chlorite shear zone with mineralized auriferous quartz vein. Also secondary joining and stress-strain shears may be mineralized by hydrothermal fluids released during the north and south shears. The north-northwest linear trending lake and river system plus cliff enscrapements is believed to represent a later stage regional faulting. There is evident by the displacement of lithological units and shear and breccia zones found. The breccia zones have intense mineralization in quartz veins, breccia and sheared mafic volcanics which display structural attitudes showing fault/shear movement.

The western extension of the VG Occurrence may be represented by the Creek (Siggy) Occurrence which is the same mafic volcanic unit which has been sheared and brecciated along the dextral fault displacement.

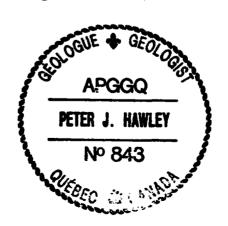
If this is the case then economic mineralization may be found along the shear contacts of the mafic volcanic units (and to a lesser degree in the secondary jointing, stress-strain fractures). Also the breccia zone may display an auriferous halo along potentially mineralized units which would show the vein displacement.

In closing, it is recommended that a team of at least 3 geologists perform detailed geological mapping and sampling along the contacts of the displaced mafic volcanic units and along the lake river fault breccia zone. Samples should be assayed for whole rock analysis (12 major elements) along with Au in ppb. The whole rock data would show strong alteration and depletion or saturation of certain elements which may help reflect an auriferous halo. This technique may lead to tracing mineralized vein/shear structures. Also mapping should concentrate on structure relationships (S1, S2, S3) and related mineralization.

Respectfully submitted,

H. Ferderber Geophysics Ltd.

November 1, 1994 Val d'Or, Quebec. Peter J. Hawley, B.Eng., B.Sc., Geologist, APGGQ.



	H. FERDERBER GEOPHYSICS LTD =
APPENDIX 1 - SĄMPI	E DESCRIPTIONS

APPENDIX 1 - SAMPLE DESCRIPTIONS

Sample #	<u>Description</u>	<u>Assay</u>
9751	Chip channel, 0.5 feet. Quartz vein, bull white, brecciated, rehealed, 20% py.	220 ppb Au
9752	Grab sample. Intermediate volcanic, very sheared, moderate carbonation, 10-15% py. Wall rock 1-2% py.	10 ppb Au
9753	Grab sample. Mafic volcanic, massive homogeneous, 5% py.	
9754	Chip channel, 0.5 feet. Mafic volcanic, next to quartz vein, mylonitic, strong carbonate, epidote alteration, 10-12% py.	
9755	Grab sammple. Intermediate volcanic, brecciated, strong K-feldspar staining, carbonatized, 10% disseminated py.	
9756	Chip channel, 2.5 feet. Mafic volcanic, minor K-feldspar alteration, epidote, blebs and disseminated py, 3-80% py.	
9757	Chip channel, 0.5 feet. Quartz vein, bull white, massive, 2-3% py, next to sample 9756.	
9758	Chip channel, 0.75 feet. Quartz vein, bull white, massive, 1-3% disseminated py.	
9759	Grab sample. Mafic volcanic, moderately sheared, 0.25 inch bull white ribbon veinlets, irregulars. py content, 5-10%.	
9760	Chip channel, 0.5 feet. Quartz vein, at contact of diabase dyke, bull white, massive, 2% disseminated py.	
9761	Chip channel, 0.4 feet. Quartz breccia, rehealted, mafic clasts, 2-5% dissseminated py, next to sample 9762.	
9762	Grab sample. Diabase dyke, foot wall, sheared magnetic, 20-50% py.	

9763	Chip channel, 1.5 feet. Cherty breccia, silified matrix, 1-5% disseminated py., blebs malachite, 1-2% cpy within matrix.	3760 ppm Cu
9764	Chip channel, 2.0 feet. Intermediate volcanic breccia, matrix interfilled by quartz, 3-5% disseminated py.	
9765	Chip channel, 2.0 feet. Quartz vein, bull white, massive, 1-3% disseminated py, host rock diorite.	
9766	Chip channel, 5.0 feet. Chert breccia, silified, rehealed, red hematite alteration throughout, swarm micro-veinlets epidote, 10-12% py.	
9767	Grab sample. Felsic intrusive, volcanic, silicified, hematite staining throughout. 4-6% fine disseminated py.	
9768	Grab sample. Mafic volcanic, dark- green-black, massive, 3-5%, 2mm cubic pyrite, tr-1% malachite.	180 ppm Cu
9769	Chip channel, 0.75 feet. Quartz vein, bull white, vuggy, rusty, 5-10% disseminated pyrite.	10 ppb Au
9770	Grab sample. Quartz vein, bull white, vuggy, 2-4% disseminated pyrite.	
9771	Chip channel, 1.5 feet. Intermediate volcanic, strong shearing, chloritic alteration, tr-1% py.	210 ppb Au
9772	Chip channel, 0.6 feet. Quartz vein, rusty bull white, concoidal fractures, 1% py.	
9773	Chip channel, 0.6 feet. Granite dyke, massive biotite, K-feldspar, 2-3% 1mm cubic pyrite.	
9774	Grab sample. Granite, pink, coarse, K-feldspar, 2" bleb, 30% py.	
9775	Hole OC-1, 195-196.5 (2.5 feet). Felsic volcanic, weak shear, chloritic, 1-5% fine disseminated py, 1%cpy, fabric 80° to C.A.	30 ppb Au

9776	Hole OC-1, 196.5-198.5 (2 feet). Felsic volcanic, weak shear, chloritic, 1-5% fine disseminated py, 1%cpy, fabric 80° to C.A.	10 ppb Au
9777	Hole OC-2, location unknown, 2 feet. Felsic volcanic, dark green, grey, moderate fabric 45° to C.A., 5-10% fine disseminated py. overall, lower contact 45° to C.A. with pink breccia, shear quartz vein, 3".	
9778	Hole OC-2, location unknown, 10 feet from above, 2 feet. As above, choritic shear, 6" brecciated quartz vein, fabric 90° to C.A., 2-5% disseminated py.	
19501	Grab sample. Black chloritic shear with amphible needles, 20-30% py in 2"x1" blebs.	
19502	Grab sample. Granitic migmatite, well developed fabric/schistosity, K-feldspar, amphiboles, quartz matrix, 4-6% find disseminated py.	
19503	Grab sample. Quartz vein, rusty, bull white, 2 inches with 4% cpy, also 4 inches of black chloritic shear with malachite staining, 1-6% cpy.	370 ppm Cu 20 ppb Au
19504	Grab sample. Quartz vein, rusty, bull white, 5-10% disseminated py, wall rock mineralized.	
19505	Grab sample. Quartz vein, rusty bull white, 1-5% disseminated pyrite.	

		H. FERDERBER GEOPHYSICS LTD
:		
	APPENDIX 2 - AŞSAY CERTIFICATI	ES

TEL.: (819) 824-4337 FAX: (819) 824-4745



LABORATOIRE D'ANALYSE BOURLAMAQUE LTÉE BOURLAMAQUE ASSAY LABORATORIES LTD.

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PN-Oi]	City Lubricants/Pipe Lake			N°	63413		
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Bado thisax

^{*} Cu à suivre Cu to follow



LABORATOIRE D'ANALYSE BOURLAMAQUE LTÉE BOURLAMAQUE ASSAY LABORATORIES LTD.

GORDON HENRIKSEN

CERTIFICAT D'ANALYSES **CERTIFICATE OF ANALYSIS**

PN-Oil City Lubricants/Pipe Lake

63425

Rock/Core

VAL D'OR (QUEBEC; le 31 octobre

RECEIVED FROM ..

Peter Hawley

ANALYSES 3 Cu

Echantillon Cu ppm 9763 .3760 9768

180

19503 370



Report of Work Conducted **After Recording Claim**

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Mining Act

Personal information collected on this form is obtained under the authority of the Mi	ning Act. This information will be used for (correspondence. Questions about
this collection should be directed to the Provincial Manager, Mining Lands, Mini Sudbury, Ontario, PSE 6A5, telephone (705) 670-7264.	stry of Northern Development@ad Mines.	Fourth Floor, 150 Coder Street,
Sudbury, Ontario, P3E 6A5, telephone (706) 670-7264.	· Z. 1	560

- Instructions: Please type or print and submit in duplicate.
 - Refer to the Mining Act and Regulations for Recorder.



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Note: The Minister may reject for assessment work credit all or part of the assessment work submitted if the recorded holder cannot verify expenditures claimed in the statement of costs within 30 days of a request for verification. Persons and Survey Company Who Performed the Work (Give Name and Address of Author of Report)								
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Note 1: Examples of beneficial interest are unrecorded transfers, option agreements, memorandum of agreements, etc., with respect to the mining claims.

Note 2: If work has been performed on patented or leased land, please complete the following

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nametry of Northern Development and Mines

ub eréteinik Développement du Nord

Statement of Costs for Assessment Credit

État des coûts aux fins

du crédit d'évaluation

Mining Act/Lol our les mines

DOCOMEN AND W9450, 000 8/

Personal information collected on this form is obtained under the authority of the Mining Act. This information will be used to maintain a record and ongoing status of the mining claim(s). Questions about this collection should be directed to the Provincial Manager, Minings Lands, Ministry of Northern Development and Mines, 4th Floor, 159 Ceder Street, Sudbury, Ontario PSE 6A6, telephone (705) 670-7284.

Les renseignements personnels contenue dans la précente formule sont recueille en vertu de la Loi sur les unines et serviront à tentr à jour un registre des concessions minières. Adresser toute question sur la cellece de ces renseignements au chef provincial des terrains miniers, ministère du Développement du Nord et des Mines, 189, rue Cadar, 4º étage, Sudbury (Critario) PSE GAS, téléphone (765) 670-7264.

1. Direct Costs/Coûts directs

Туре	Description	Amount Montant	Totals Total global
Wages Salairee	Labour Main-d'oeuvre		
	Fleid Supervision Supervision sur le terrain		
Contractor's and Consultant's Fees Droits de l'entreprensur	Time GEOLOGY	1595	7595
et de l'experi- conseil			
Supplies Used Fournitures utilisáes	Туро		
Equipment Rental Location de matériel	Туре		
	Total Riv		

Total Direct Costs
Total des coûts directs

2. Indirect Costs/Coûts indirects

** Note: When claiming Rehabilitation work indirect costs are not allowable as assessment work.
Pour le remboursement des traveux de réhabilitation, les Pour le remboursement des traveux de réhabilitation, les coûts indirects ne sont pas admissibles en tant que traveux d'évaluation.

Туре	Description	Amount Montent	Totals Total global
Transportation Transport	Helicopter	3205	33∞≤
_]
TRIKK MILEAGE	1610 km/0.35	564	3769
Truck	7 days at 60/de	420	4189
			4189
Food and Lodging Nourriture et hébergement	motel, meals, food forcomp	350	4539
Mobilization and Demobilization Mobilization of dimobilization	·		
Sub Total of Indirect Costs Total partiel des coûts Indirects			4539
Amount Allowable (not greater than 2016 of Direct Couls) Montant admissible (n'excédent pas 20 % des coûts directs)			1519
Total Yake of Acc	seament Credit Valuer tota	lo de cridit	01

(Total of Street and Allowable indirect costs)

ratualita Magazita

19114

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

Le thuisire enregistré sera tenu de vérifier les dépenses demandées dans le présent état des coûts dans les 30 jours suivant une demande à cet effet. Si la vérification n'est pas effectuée, le ministre peut rejeter tout Moto : Le thá ou une partie des traveux d'évaluation précentés.

Filing Discounts

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

Yotal Value of Accessment Credit	Total Assessment Claimed
× 0.50	•

Remises pour dépôt

- 1. Les traveux déposés dans les doux ans suivant four achèvement sont rembourade à 100 % de la valour totale exementionnée du crédit d'évaluation.
- 2. Les travaux déposés trois, quatre ou cinq ans après leur achièvement sont remboursée à 50 % de la valeur totale du crédit d'évaluation suementionné. Voir les calculs ci-dessous.

Valour totale du crédit d'évaluation	Evaluation totale demandes
× 0,50 =	

Certification Verifying Statement of Costs

I hereby certify:

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

AGENT I arm authorized under Holder, Agent, Position in Company) that as

to make this certification

Attestation de l'état des coûts

J'attecte per la précente :

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

Et qu'à tire de _____je suie autorieé (induie enregistel, représentant, posts escupé dans la rempagnie)

à faire cette attestation.

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

Geoscience Approvals Section 933 Ramsey Lake Road 6th Floor Sudbury, Ontario P3E 6B5

Telephone: (705) 670-5863 Fax: (705) 670-5863

Our File: 2.15680

Transaction #: W9450.00081

January 6, 1995

Mining Recorder
Ministry of Northern
Development & Mines
60 Church Street
Sault Ste. Marie, Ontario
P6A 3H3

Dear Sir/Madam:

Subject: APPROVAL OF ASSESSMENT WORK CREDITS ON MINING CLAIMS SSM 1037340 et al. IN PILOT HARBOUR AREA

Assessment work credits have been approved as outlined on the report of work form for the submission. The credits have been approved under Section 12 (Geology) and Section 17 (Assays) of the Mining Act Regulations.

The approval date is January 03, 1995.

If you have any questions regarding this correspondence, please contact Steven Beneteau at (705) 670-5855.

ORIGINAL SIGNED BY:

Yours sincerely,

Son Coshigh.

Ron C. Gashinski Senior Manager, Mining Lands Section Mining and Land Management Branch Mines and Minerals Division

Bh sbb/dl

cc: Resident Geologist
Sault Ste. Marie, Ontario

Assessment Files Library V Sudbury, Ontario

