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January 10, 1978

The Directors
Kayak Explorations Limited
Suite 1014
111 Richmond Street West
Toronto, Ontario

Gentlemen:

The following is a review of the work completed todate by your Company on a group of fourteen mining claims located in Asquith Township, Shiningtree area, Ontario. Immediately prior to the acquisition of this claims group by Kayak Explorations Limited, a program of geophysical surveying was conducted over the ground by the vendors. This work consisted of cutting east-west picket lines at 400 foot intervals and conducting electromagnetic and magnetometer surveys along these lines.

A program of diamond drilling was commenced in the spring of 1976 to investigate some known structural conditions on the property. During the period April 25th to August 6th, 1976, ten short holes were put down for a total drilled footage of 1,129 feet. These holes were localized in three areas of the property and were directed to investigate an EM anomaly in the southeast corner of the claims group, a quartz vein on which extensive trenching had been carried out several years ago in the central part and the area of a shallow shaft and trenching in the northeast corner of the property. Quartz veining was encountered in several of the holes but the only assay of any consequence, was 1.28% copper for a core length of 8.5 feet in one of the holes drilled to check the EM anomaly in the southeast corner of the claims group.

The history of some of the claims included in this group of fourteen claims, dates back to the early part of this century when numerous spectacular gold discoveries in the area attracted considerable mining exploration activity. It was reported that 250 ounces of gold were recovered from a rich pocket associated with the quartz veining in claim 393515 in the central part of the present group. Gold was obviously associated with the quartz veining in the northeast corner of the property as this is undoubtedly what prompted the sinking of the shaft at this location. The dump material from the shaft contains a considerable amount of quartz.

In November 1977, the entire claims group was geologically mapped using the east-west picket lines cut in 1975 as control. The property was found to be largely underlain by basic volcanic

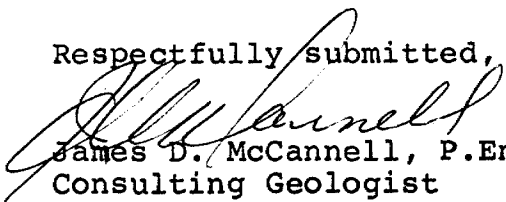
formations with some more acid types including rhyolite and trachyte. These rocks of volcanic origin have been fairly extensively intruded by gabbro and diabase. The gabbros appear to be sills interbanded with the volcanics but the diabase form very definite west of north striking dikes which are usually rich in olivine and frequently carry finely disseminated pyrite and pyrrhotite with some chalcopryite.

The main feature brought out by the geological mapping, is the definite east-west foliation in the underlying formations. A strong shear zone was noted striking across the property through the south central part. This shearing is exposed in two small outcrops and would underly a large swamp or marsh in the southeast quarter of the claims group. Two strong north-south topographic lineaments are present both of which are probably controlled by underlying geological features. One of these is Jesse James Lake at the west boundary of the claims group and the other is Teapot Creek which extends through the east-central part of the property.

The geophysical survey carried out in 1975, was run east-west which was considered normal to the regional structures in the area. These lines however, paralleled the foliation on this property and the large shear zone picked up by the geological mapping. It is of interest to note also that a conductor does exist along the lineament of Teapot Creek, a factor that was not previously noted.

The snow conditions that developed immediately the mapping work was completed in November 1977, did not permit some follow-up stripping and prospecting that appears to be definitely warranted. It is now recommended that this work be completed in the coming field season. It is especially suggested that the large east-west shear zone be examined in more detail and some attempt should be made to expose rocks somewhere along the lineament occupied by Teapot Creek. This could be especially interesting in areas where this north-south structure is intersected by the diabase or gabbro. An estimated cost of this additional work is One Thousand Five Hundred Dollars.

Respectfully submitted,

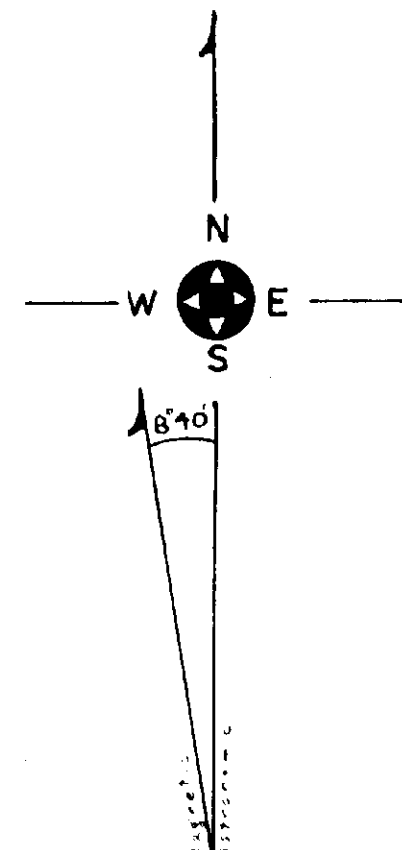

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LEGEND

Period	Era	Age	Surface
PROTEROZOIC	PHANEROZOIC	ARCHEAN	Surficial
APHEBIAN	CENOZOIC	KEEWATIN	Dikes
QUATERNARY	Recent	Volcanics	
Marachewan	Pleistocene		

□	ALLUVIUM, SWAMP DEPOSITS, SOIL
□	GLACIAL DRIFT
5	GABBRO, DIABASE
4	GABBRO (sills)
3	TRACHYTE
2	RHYOLITE
■	ANDESITE



SYMBOLS

- STRIKE AND DIP OF SCHISTOCITY
- STRIKE AND DIP OF VEIN
- SHEARING
- OUTCROP WITH CONTACT, DEFINED, ASSUMED
- FAULT
- TRENCH
- KETTLE
- SLOPE
- V-2' VEIN with WIDTH
- TOPOGRAPHIC BOUNDARY
- SWAMP, BOG, WET PLACES
- STREAM
- INTERMITTENT STREAM, DRAINAGE COURSE
- TRACTOR, SKIDOO, ROAD
- BUILDING, RUINS
- CLAIM POST
- DIAMOND DRILL HOLE (K-5 = Kayak hole)
- BEAVER DAM

