AVALON VENTURES LTD.
VSE-AVL

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Report on the Ground Magnetometer Survey

Separation Rapids Property

Paterson Lake Area, G-2634

Kenora Mining Division

NTS 52 L7/SE

Latitude 50°15'30" Longitude 94°35'

Magnetic Declination 2°43' East

By:

Jens C. Pedersen
Karen Rees
Avalon Ventures Ltd.

16 February, 1998

Summary

In October 1996, Avalon Ventures Ltd. acquired the option to earn a 100% interest in the Separation Rapids property, located 60 kilometres north of Kenora, Ontario. The exploration target is a rare metal deposit hosted within a pegmatite dike, first discovered by Dr. Fred Breaks of the OGS, and named by him as the Big Whopper Pegmatite.

Avalon initiated an exploration program, consisting of linecutting and a ground magnetometer survey, in May 1997. Additional lines were cut and surveyed in January 1998. The objectives of the magnetometer survey were a) to determine the magnetic signature of pegmatitic bodies, and b) to delineate structural features, such as faults or folds, which may indicate an appropriate host structure for pegmatitic bodies.

The magnetic survey was successful in identifying areas of varying magnetic susceptibility, interpreted to represent specific rock units found on the property. Amphibolite is represented by areas of moderate to high magnetic susceptibility, while areas of pegmatite and granite are represented by areas of low magnetic susceptibility. This difference is important to note, as it helps to identify prospective areas for the discovery of other pegmatite bodies, which may be mineralized with rare metals. The magnetometer survey also identified interference patterns, which indicate structural complexities in the geological units. Breaks in the trends are interpreted to result from strong folding and possibly late faulting of the local stratigraphy.

Further work is recommended as a result of this program. An exploration program of prospecting, geological mapping and lithogeochemical sampling should be conducted on all magnetic low anomalies identified in the northwest part of the grid. Should outcrop exposure be limited due to topographical lows and deep overburden, it is recommended that the areas be tested by diamond drilling.

TABLE OF CONTENTS

1.0 Introduction

In October 1996, Avalon Ventures Ltd. acquired the option to earn a 100% interest in the Separation Rapids property, located 60 kilometres north of Kenora, Ontario. At the time the agreement was signed, the property consisted of four claims comprising 14 units. In February 1997, Avalon staked three additional claims, contiguous to the original four claims, comprising 38 units. The exploration target is a rare metal deposit hosted within a pegmatite dike.

Avalon initiated an exploration program, consisting of linecutting and a ground magnetometer survey, in May 1997. Additional lines were cut and surveyed by magnetometer in January 1998. The purpose of this report is to document results of the program and to make recommendations for further work.

2.0 Location, Access and Topography

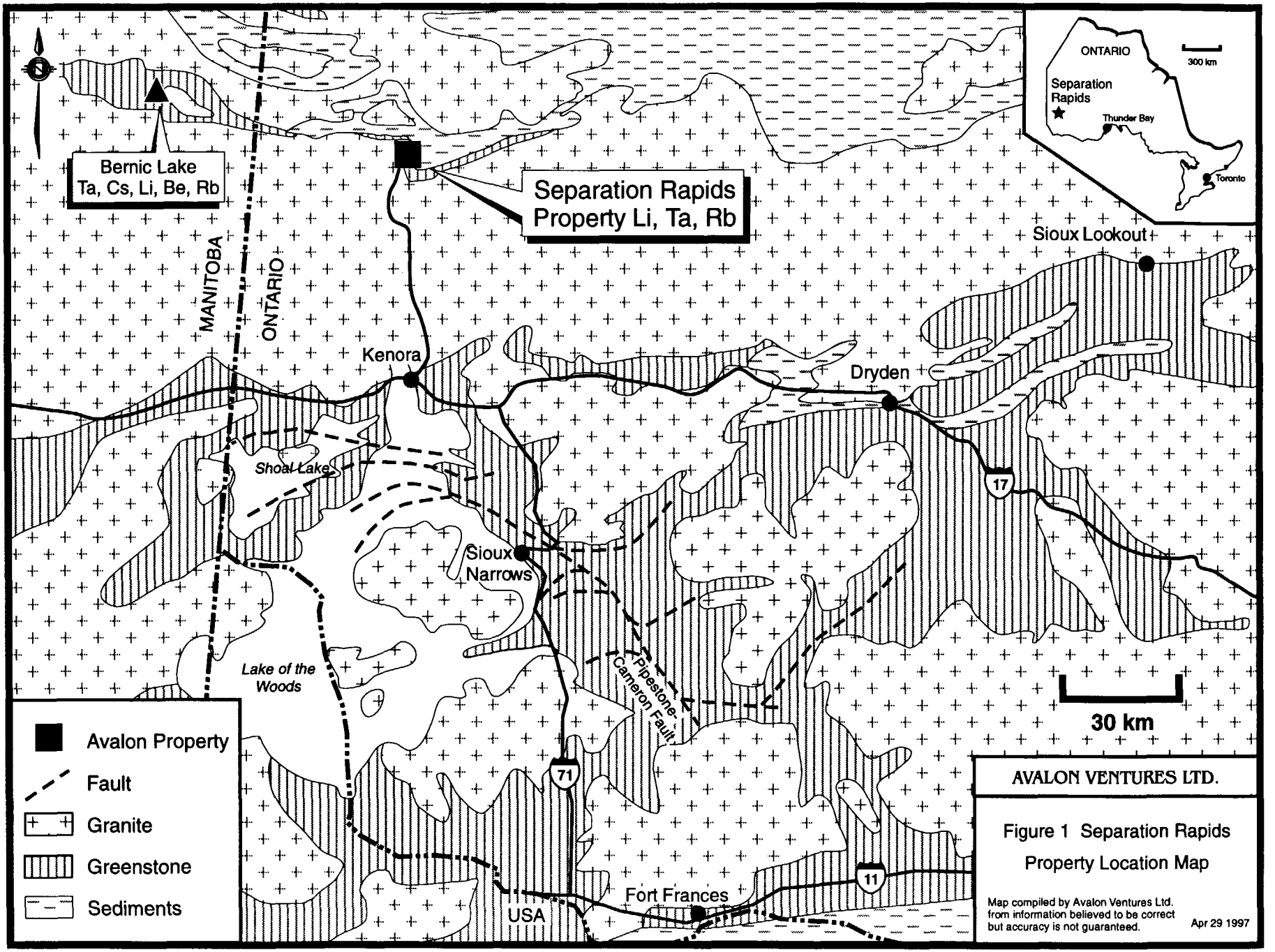
The Separation Rapids property is located approximately 60 kilometres north of Kenora, Ontario. The property is accessed by travelling north from Kenora along Highway 658 to the English River Road turnoff, approximately 2 kilometres south of Redditt. The English River Road connects to a boat landing and campground at Separation Rapids. From Separation Rapids, the property can be reached by boat, 8 kilometres west on the English River, or by logging roads which terminate immediately west of the property.

The area is typical of the Canadian Precambrian Shield, consisting of low rock outcrop mantled locally by open water, swamp, and/or muskeg. The pegmatitic rocks of interest form low ridges separated by intervening recessively weathered Archean metavolcanic and metasedimentary rocks locally termed the Separation Lake greenstone belt.

3.0 Disposition

The Separation Rapids property consists of seven claims, which comprise 52 claim units for a land area totalling 2,080 acres or 842 hectares. The claims are located in the southeast corner of claim sheet G-2634, Paterson Lake Area. NTS reference for the property is 52 L7/SE, with the property being centred on Latitude 50°15'30" Longitude 94°35'.

Four of the claims are held under option from Robert Fairservice and James Willis, local prospectors and beneficial owners, and three of the claims, staked in February 1997, are held in the name of Avalon Ventures Ltd. Pertinent claim information is listed in Table 1, and the location of the claims is illustrated in Figure 2.


Bernic Lake
Ta, Cs, Li, Be, Rb
Separation Rapids
Property Li, Ta, Rb
MANITOBA
ONTARIO
Kenora
Shoal Lake
Lake of the Woods
Sioux Narrows
Dryden
Sioux Lookout
Pipestone Cameron Fault
71
17
11
Fort Frances
USA
ONTARIO
300 km
Separation Rapids
Thunder Bay
Toronto
30 km
Avalon Property
Fault
Granite
Greenstone
Sediments
AVALON VENTURES LTD.
Figure 1 Separation Rapids
Property Location Map
Map compiled by Avalon Ventures Ltd.
from information believed to be correct
but accuracy is not guaranteed.
Apr 29 1997

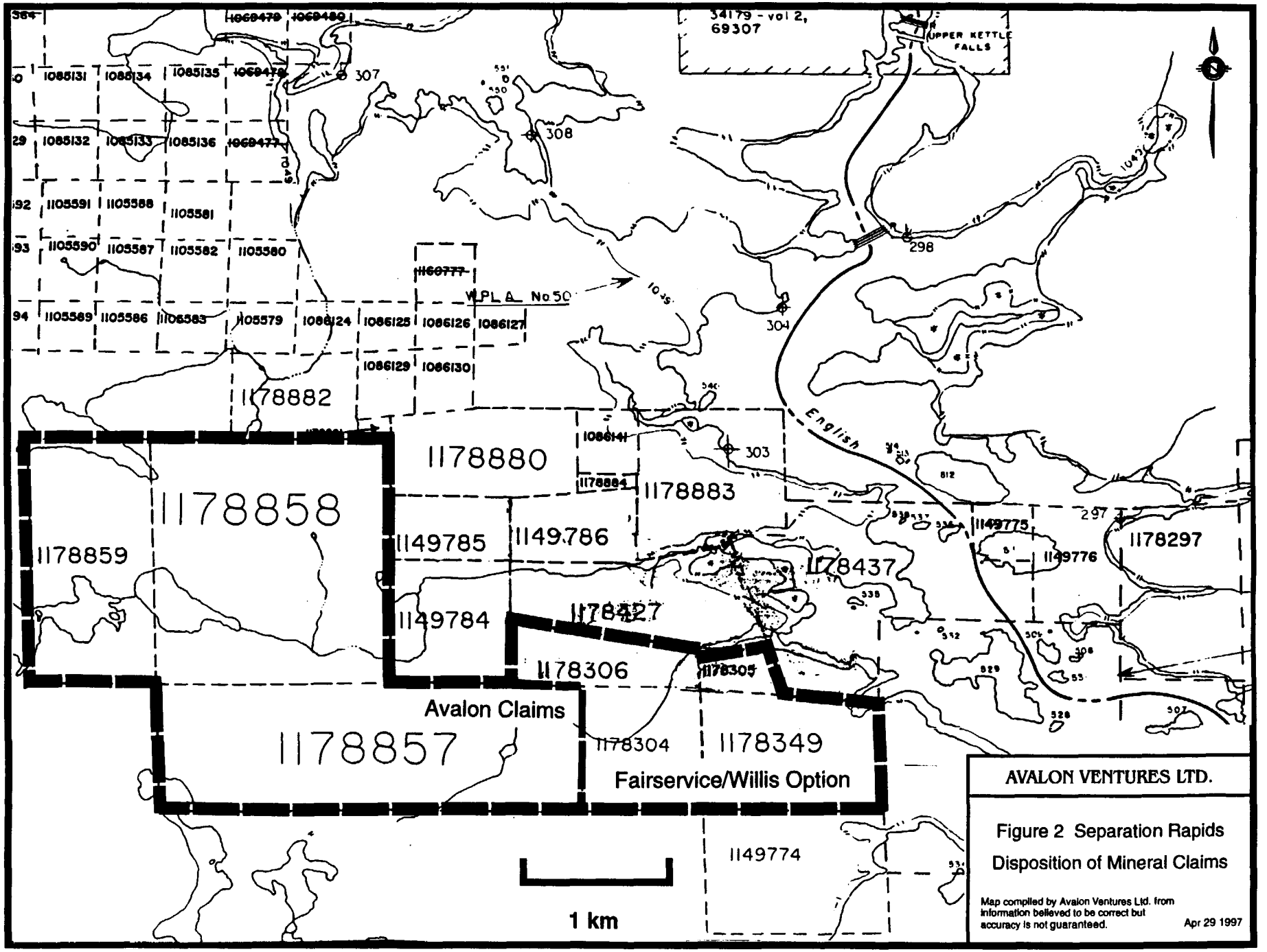

34179 - vol 2, 69307
UPPER KETTLE FALLS
1085131
1085134
1085135
1069479
1069480
1085132
1085133
1085136
1069477
1105591
1105588
1105581
1105590
1105587
1105582
1105580
1160777
WPLA No50
1105589
1105586
1105583
1105579
1086124
1086125
1086126
1086127
1086129
1086130
1178882
1178880
1086141
1178884
1178883
1178858
1178859
1149785
1149786
1178437
1178427
1149784
1178306
1178305
Avalon Claims
1178857
1178304
1178349
Fairservice/Willis Option
1149774
1149775
1149776
1178297
English
307
308
304
303
298
297
1 km
AVALON VENTURES LTD.
Figure 2 Separation Rapids
Disposition of Mineral Claims
Map compiled by Avalon Ventures Ltd. from information believed to be correct but accuracy is not guaranteed.
Apr 29 1997

Table 1: Separation Rapids Property Claims Disposition

Claim	Units	Recorded Holder	Recorded	Assessment Due
K 1178349	6	Fairservice	26 July 1996	26 July 1998
K 1178304	4	Fairservice	06 Aug 1996	06 Aug 1998
K 1178305	1	Fairservice	06 Aug 1996	06 Aug 1998
K 1178306	3	Fairservice	06 Aug 1996	06 Aug 1998
K 1178857	14	Avalon	13 Feb 1997	13 Feb 1999
K 1178858	16	Avalon	13 Feb 1997	13 Feb 1999
K 1178859	8	Avalon	13 Feb 1997	13 Feb 1999
	52			

Claims K 1178349 and K 1178304 to K 1178306 inclusive, are held under a four year option during which time Avalon must make a total of $100,000 in cash payments, issue 200,000 shares and incur a minimum of $600,000 in exploration expenditures on the property to keep the option in good standing. At the end of the term, and by meeting these commitments, Avalon will have earned a 100% undivided interest in the property, subject to a 2% Net Smelter Returns royalty retained by the vendors, of which 1% can be purchased by Avalon at any time for $1.0 million cash.

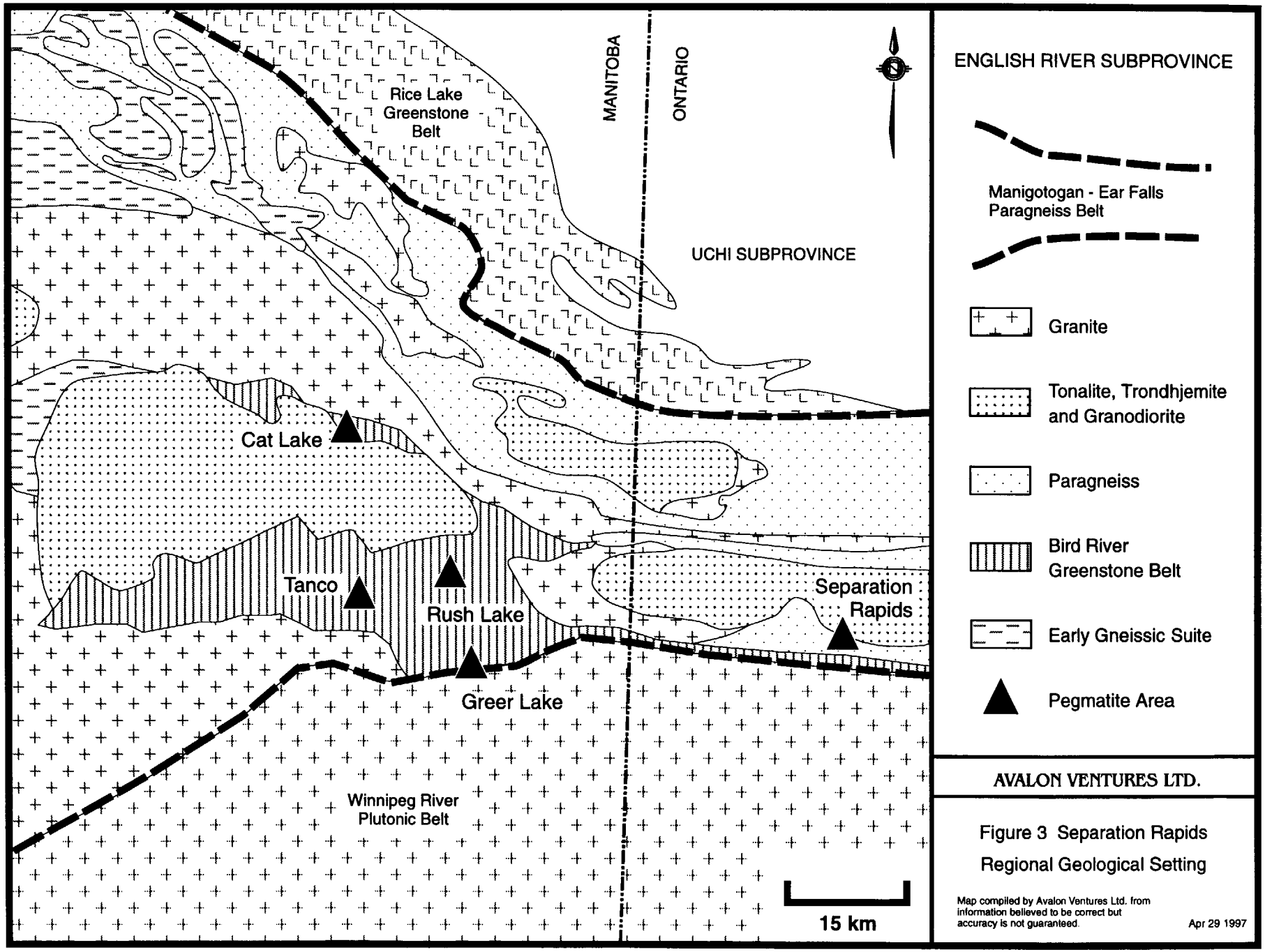
4.0 Previous Exploration

The claims of the Separation Rapids property encompass Archean greenstone assemblages which have been prospected over time for base and precious metal deposits. No work, prior to that of the Ontario Geological Survey and consultants thereto, is known to have been done on the pegmatites of the area prior to the discovery of the rare metal occurrences in 1996.

5.0 Regional Geology

The Separation Rapids property is situated in close proximity to a major crustal boundary which separates the Archean English River gneissic belt of Wilson (1972) and the Archean Winnipeg River plutonic belt. The English River gneissic belt has in turn, two subdivisions: the Manigotogan-Ear Falls gneiss belt, and to its south, the Bird River greenstone belt, as illustrated in Figure 3.

The Bird River greenstone belt has been divided into a number of formations, including metamorphosed meta-basalts (amphibolites) and derived volcaniclastic metasediments. It has been known for its rare metal bearing granitic pegmatites since the late 1920's and early 1930's, when attempts were first made to exploit tin occurrences at Bernic Lake in


Rice Lake
Greenstone
Belt
MANITOBA
ONTARIO
UCHI SUBPROVINCE
Cat Lake
Tanco
Rush Lake
Greer Lake
Separation
Rapids
Winnipeg River
Plutonic Belt
15 km
ENGLISH RIVER SUBPROVINCE
Manigotogan - Ear Falls
Paragneiss Belt
Granite
Tonalite, Trondhjemite
and Granodiorite
Paragneiss
Bird River
Greenstone Belt
Early Gneissic Suite
Pegmatite Area
AVALON VENTURES LTD.
Figure 3 Separation Rapids
Regional Geological Setting
Map compiled by Avalon Ventures Ltd. from
information believed to be correct but
accuracy is not guaranteed.
Apr 29 1997

Manitoba. In the 1950's, attempts were made to exploit beryl and spodumene deposits along the Winnipeg River, approximately 50 kilometres west of the Separation Rapids property.

The Bird River greenstone belt trends eastward into Ontario where it forms a thin septum of greenstones separating the English River gneiss belt from the Winnipeg River plutonic belt (Ontario Geological Survey, 1991). Of significance on a regional scale is that the newly discovered pegmatite mineralization has continuity with a known rare metal metallogenic belt.

6.0 Property Geology

The Separation Rapids property is predominantly underlain by meta-basalts and derived rocks of lower to middle amphibolite facies, referred to collectively as amphibolite. Amphibolite commonly weathers recessively relative to granite and related pegmatites, and occurs also as narrow screens in pegmatite. Granite, pegmatitic granite and pegmatite dikes of the Separation Rapids pluton intrude amphibolite over the north half of the property, with primary pegmatitic granite and related dikes of the Winnipeg River batholith intruding amphibolite on the south half of the property. Rocks of the Separation Rapids pluton are described by Breaks and Tindle (1996) as peraluminous pegmatitic granite. It is these rocks which are the subject of economic interest.

Pegmatitic granite of the Separation Rapids pluton outcrops at several locations on the property as irregular dikes and larger elliptical intrusions. It is comprised mainly of white K-feldspar, albite, green muscovite, quartz, with accessory spessartine garnet, cassiterite, apatite, Ta-oxides, and gahnite.

Pegmatite dikes are divided into 2 coeval types:

a. Albitites with accessory K-feldspar, green muscovite, quartz, cassiterite, garnet, and Ta-oxides.
b. Petalite-bearing pegmatite with subordinate rubidian K-feldspar and albite, and accessory quartz, green muscovite, lepidolite, spessartine, apatite, cassiterite, Ta-oxides, and spodumene.

A strong tectonic fabric transgressing amphibolite and pegmatite trends west northwest. This fabric progresses to proto-mylonite in pegmatite along a parallel major re-activated fault occupied by pegmatite. Pegmatite was emplaced along bedding planes and schistosity and rarely exhibits cross cutting relationships. Isoclinal to tight open folds are abundant in amphibolite on a pervasive small centimetre to several metres scale. This folding is also imposed on pegmatites, which exhibit compressional stress in the form of boudinage and small scale ptygmatic folds.

7.0 Current Program and Results

The initial exploration program, which consisted of linecutting and a ground magnetometer survey, was conducted on the Separation Rapids property during May 1996 and January 1997. Both stages of work were completed by Gibson and Associates of Sault Ste. Marie, ON.

During the first stage of work, a north-south oriented grid totalling of 30.9 line kilometres was cut on 50 to 100 metre line spacings and 25 metre station intervals. The magnetometer survey was carried out over 28.5 kilometres of the grid during May 1996, with readings taken at 12.5 meter intervals. During the second stage of work, a total of 6.9 kilometres of line were cut over areas that were not accessible during the previous spring, 50 metre fill-in lines between the existing 100 metre lines on the west end of the property. This portion was surveyed by magnetometer during January 1998.

The total field magnetic survey was performed with the use of two Scintrex Envi-Mag portable total-field magnetometers. One unit was used as a base station to correct for diurnal variations. The other was used as a portable field unit operated in the stop and go mode configured for mineral exploration. The sensor was staff mounted for ease of handling. Field readings were taken at 12.5 meter intervals along cut grid lines. Diurnal corrections were performed nightly. Data collected on the field unit and the base unit were downloaded to diskette, and later plotted and contoured using Geosoft software at a scale of 1:5000. Results of the survey are presented on Maps 1a and 1b, as postings and contours.

The objectives of the magnetometer survey were a) to determine the magnetic signature of pegmatite bodies, and b) to delineate structural features, such as faults or folds, which may indicate an appropriate host structure for pegmatite bodies.

Geological mapping conducted over the grid during June and July 1997 has allowed associations to be made between magnetic responses and rock types. A large area of the property, known to be underlain by amphibolite, has a moderate to high magnetic susceptibility, with localized pyrrhotite horizons within the amphibolite showing as narrow linear magnetic highs. Larger granitic pegmatites and pegmatitic granite have a low magnetic susceptibility. Whereas it is not common practice to explore for granite pegmatites employing magnetic methods, the contrast between host amphibolite and larger pegmatite bodies can often partially delineate these bodies. The main target body, the Big Whopper Pegmatite, is represented as a magnetic low adjacent to a linear magnetic high, which is the host amphibolite.

Several structural features are apparent in the magnetic survey data. There are numerous breaks in the contours across the entire area, indicating faulting or tight open to isoclinal fold patterns. Mapping and drilling have confirmed that the rocks are highly deformed, imparting a strong schistosity to the amphibolites and a foliated to mylonitic fabric to pegmatites and pegmatitic granite. Examination of drill core reveals tight folding, which is commonly isoclinal. A large reactivated fault, along which the Big Whopper was emplaced, has been

mapped across the eastern half of the grid area. This fault is interpreted from the magnetic data as a sharp contact between a linear magnetic high that trends southeasterly across the grid area and a large area of moderate magnetic susceptibility.

Several small areas of low magnetic susceptibility were delineated by the survey. These areas, which occur in the northwest portion of the grid, are elliptical to linear in shape, often trending southeasterly and 100 metres wide by 100 to 400 metres long. These anomalies occur in an area that was not covered by the geological mapping survey in the summer of 1997. Several share strong similarities with the magnetic signature of the Big Whopper pegmatite, with a core magnetic low in the order of 58475 nanoteslas (nT) and associated linear off-shoot in the order of 58750 to 58815 nT.

8.0 Conclusions and Recommendations

The Separation Rapids property is host to at least one economic sized rare metal mineralized pegmatite, namely the Big Whopper Pegmatite. The magnetometer survey, combined with geological mapping, has identified the magnetic signature of various rock units on the property, including the Big Whopper. Significantly, the survey identified a number of areas of low magnetic susceptibility in areas of the grid that have not been mapped. These anomalies are similar to the magnetic signature of the Big Whopper pegmatite. In addition to identifying these signatures, structural elements such as folds and faults are indicated based on a number of breaks and interference patterns in the data.

Based on the results of the magnetic survey, and knowledge gained by subsequent geological mapping and diamond drilling, further work is recommended. Further exploration would include prospecting, mapping and a lithogeochemical survey of outcrop exposures in the northwest part of the grid area, which exhibits magnetic low features similar to that of the Big Whopper Pegmatite and which weren't mapped and sampled during the summer 1997 program. Topographic features indicate that outcrop exposures may be limited and diamond drilling may be warranted to test for the presence of pegmatitic bodies.

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Statement of Expenditures

Linecutting	37.875 km @ $433/km	$ 16,400
Magnetic Survey	35.475 km @ $111.35/km	$ 3,950
Supervision, Interpretation and Report	15 days @ $350/day	$ 5,250
	Total	**$ 25,600**

Statement of Qualifications

I, Jens C. Pedersen of Box 1, Group 5 RR#1, East Selkirk, Manitoba, do hereby certify that:

I am a graduate of the University of Manitoba with a Bachelor of Science degree (Geology), 1976-1979.

I am presently employed by Avalon Ventures Ltd. of 777 Red River Road, Thunder Bay, Ontario, in the capacity of Senior Geologist.

I have been practising my profession as exploration geologist for the past 20 years with various Canadian mining companies in Canada, the United States, and Greenland, and as an independent geological consultant.

Dated in Thunder Bay, Ontario this 16th day of February, 1998.

Jens C. Pedersen

Statement of Qualifications

I, Karen J. Rees, of 269 Valley Street, Thunder Bay, Ontario, hereby certify:

I am a graduate of the University of Saskatchewan and hold an Honours Bachelor of Science (Geology) Degree, 1984.

I am presently employed as General Manager of Avalon Ventures Ltd. of 777 Red River Road, Thunder Bay, Ontario.

I have been employed as an exploration geologist for three mining companies over the last ten years.

Dated in Thunder Bay, Ontario this 16th day of February, 1998.

Karen J. Rees, B.Sc.

Ontario Ministry of Northern Development and Mines

Declaration of Assessment Work Performed on Mining Land

Mining Act, Subsection 65(2) and 66(3), R.S.O. 1990

Transaction Number (office use)
W9810.00051
Assessment Files Research Imaging

52L07SE2001 2.18285 PATERSON LAKE 900

ity of subsections 65(2) and 66(3) of the Mining Act. Under section 8 of the
i to review the assessment work and correspond with the mining land holder.
ing Recorder, Ministry of Northern Development and Mines, 6th Floor,

Instructions: - For work performed on Crown Lands before recording a claim, use form 0240.
- Please type or print in ink.

2.18285

1. Recorded holder(s) (Attach a list if necessary)

Name	Client Number
Robert John Fairservice	130646 / 301086
Address: c/o Kenricia Hotel 155 Main Street South	Telephone Number: 807-468-6461
Kenora, ON P9N 1T1	Fax Number: 807-468-4281
Name	Client Number
Address	Telephone Number
	Fax Number

RECORDED
MAR - 3 1998

2. Type of work performed: Check (✓) and report on only ONE of the following groups for this declaration.

☑ Geotechnical: prospecting, surveys, assays and work under section 18 (regs) ☐ Physical: drilling, stripping, trenching and associated assays ☐ Rehabilitation

Work Type	Office Use
Linecutting, Ground Magnetometer Survey	Commodity
	Total $ Value of Work Claimed: 25,600
Dates Work Performed From: 01 (Day) 05 (Month) 97 (Year) To: 16 (Day) 02 (Month) 98 (Year)	NTS Reference
Global Positioning System Data (if available) — Township/Area: Paterson Lake	Mining Division: Kenora
M or G-Plan Number: G-2634	Resident Geologist District: Kenora

Please remember to: - obtain a work permit from the Ministry of Natural Resources as required;
- provide proper notice to surface rights holders before starting work;
- complete and attach a Statement of Costs, form 0212;
- provide a map showing contiguous mining lands that are linked for assigning work;
- include two copies of your technical report.

3. Person or companies who prepared the technical report (Attach a list if necessary)

Name	Telephone Number
Avalon Ventures Ltd. P7B 1J9	807-767-3012
Address: 777 Red River Road Thunder Bay, ON	Fax Number: 807-767-0463
Name	Telephone Number
Address	Fax Number
Name	Telephone Number
Address	Fax Number

PROVINCIAL RECORDING OFFICE - SUDBURY
RECEIVED
MAR 03 1998
A.M. 4:15 P.M.
7 8 9 10 11 12 1 2 3 4 5 6

RECEIVED
MAR - 3 1998
GEOSCIENCE ASSESSMENT OFFICE

4. Certification by Recorded Holder or Agent

I, Karen Rees (Print Name), do hereby certify that I have personal knowledge of the facts set forth in this Declaration of Assessment Work having caused the work to be performed or witnessed the same during or after its completion and, to the best of my knowledge, the annexed report is true.

Signature of Recorded Holder or Agent		Date
Karen C. Rees P7B 1J9		16 Feb 1998
Agent's Address	**Telephone Number**	**Fax Number**
Avalon Ventures Ltd. 777 Red River Road	807-767-3012	807-767-0463
Thunder Bay, ON		

5. . Work to be recorded and distributed. Work can only be assigned to claims that are contiguous (adjoining) to the mining land where work was performed, at the time work was performed. A map showing the contiguous link must accompany this form.

W.9810.00051

Mining Claim Number. Or if work was done on other eligible mining land, show in this column the location number indicated on the claim map.		Number of Claim Units. For other mining land, list hectares.	Value of work performed on this claim or other mining land.	Value of work applied to this claim. 2.18285	Value of work assigned to other mining claims.	Bank. Value of work to be distributed at a future date.
eg	TB 7827	16 ha	$26, 825	N/A	$24,000	$2,825
eg	1234567	12	0	$24,000	0	0
eg	1234568	2	$ 8, 892	$ 4,000	0	$4,892
1	K 1178349	6	11,010	4,800	5,600	610
2	K 1178304	4	7,170	3,200	3,400	570
3	K 1178305	1	1,790	800	0	990
4	K 1178306	3	5,630	2,400	3,000	230
5	K 1178857	14	0	5,600	0	0
6	K 1178858	16	0	6,400	0	0
7	K 1178859	8	0	0	0	0
8						
9						
10						
11						
12						
13						
14						
15						
		Column Totals	25,600	23,200	12,000	2,400

RECORDED
MAR - 3 1998

I, Karen Rees (Print Full Name), do hereby certify that the above work credits are eligible under subsection 7 (1) of the Assessment Work Regulation 6/96 for assignment to contiguous claims or for application to the claim where the work was done.

Signature of Recorded Holder or Agent Authorized in Writing	Date
Karen Rees	16 Feb 1998

6. Instructions for cutting back credits that are not approved.

Some of the credits claimed in this declaration may be cut back. Please check (✓) in the boxes below to show how you wish to prioritize the deletion of credits:

- ☐ 1. Credits are to be cut back from the Bank first, followed by option 2 or 3 or 4 as indicated.
- ☐ 2. Credits are to be cut back starting with the claims listed last, working backwards; or
- ☐ 3. Credits are to be cut back equally over all claims listed in this declaration; or
- ☐ 4. Credits are to be cut back as prioritized on the attached appendix or as follows (describe):

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MAR - 3 1998
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Note: If you have not indicated how your credits are to be deleted, credits will be cut back from the Bank first, followed by option number 2 if necessary.

For Office Use Only

Received Stamp	Deemed Approved Date	Date Notification Sent
	Date Approved	Total Value of Credit Approved
	Approved for Recording by Mining Recorder (Signature)	

0241 (02/96)

Ontario Ministry of Northern Development and Mines

Statement of Costs for Assessment Credit

Transaction Number (office use): W.9810.00051

Personal information collected on this form is obtained under the authority of subsection 6(1) of the Assessment Work Regulation 6/96. Under section 8 of the Mining Act, the information is a public record. This information will be used to review the assessment work and correspond with the mining land holder. Questions about this collection should be directed to the Chief Mining Recorder, Ministry of Northern Development and Mines, 6th Floor, 933 Ramsey Lake Road, Sudbury, Ontario, P3E 6B5.

2.18285

Work Type	Units of Work Depending on the type of work, list the number of hours/days worked, metres of drilling, kilometres of grid line, number of samples, etc.	Cost Per Unit of work	Total Cost
Linecutting	37.875 km	$433/km	$16,400
Magnetic Survey	35.475 km	$111.35/km	3,950
Supervision, Interpretation and Report	15 days	$350/day	5,250
Associated Costs (e.g. supplies, mobilization and demobilization).			
Transportation Costs			
Food and Lodging Costs			
		Total Value of Assessment Work	$25,600

RECORDED
MAR - 3 1998

Calculations of Filing Discounts:

1. Work filed within two years of performance is claimed at 100% of the above Total Value of Assessment Work.
2. If work is filed after two years and up to five years after performance, it can only be claimed at 50% of the Total Value of Assessment Work. If this situation applies to your claims, use the calculation below:

TOTAL VALUE OF ASSESSMENT WORK × 0.50 = Total $ value of worked claimed.

Note:
- Work older than 5 years is not eligible for credit.
- A recorded holder may be required to verify expenditures claimed in this statement of costs within 45 days of a request for verification and/or correction/clarification. If verification and/or correction/clarification is not made, the Minister may reject all or part of the assessment work submitted.

RECEIVED
MAR - 3 1998
GEOSCIENCE ASSESSMENT OFFICE

Certification verifying costs:

I, Karen Rees (please print full name), do hereby certify, that the amounts shown are as accurate as may reasonably be determined and the costs were incurred while conducting assessment work on the lands indicated on the accompanying Declaration of Work form as agent (recorded holder, agent, or state company position with signing authority) I am authorized to make this certification.

Signature	Date
Karen J Rees	16 Feb 1998

0212 (02/96)

Ministry of
Northern Development
and Mines

Ministère du
Développement du Nord
et des Mines

Ontario

Geoscience Assessment Office
933 Ramsey Lake Road
6th Floor
Sudbury, Ontario
P3E 6B5

Telephone: (888) 415-9846
Fax: (705) 670-5881

Visit our website at:
www.gov.on.ca/MNDM/MINES/LANDS/mlsmnpge.htm

June 26, 1998

ROBERT JOHN FAIRSERVICE
P.O. BOX 627
155 MAIN STREET SOUTH
KENORA, ON
P9N-1T1

Dear Sir or Madam:

Submission Number: 2.18285

Status

Subject: Transaction Number(s): W9810.00051 Approval After Notice

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We have reviewed your Assessment Work submission with the above noted Transaction Number(s). The attached summary page(s) indicate the results of the review. WE RECOMMEND YOU READ THIS SUMMARY FOR THE DETAILS PERTAINING TO YOUR ASSESSMENT WORK.

If the status for a transaction is a 45 Day Notice, the summary will outline the reasons for the notice, and any steps you can take to remedy deficiencies. The 90-day deemed approval provision, subsection 6(7) of the Assessment Work Regulation, will no longer be in effect for assessment work which has received a 45 Day Notice. Allowable changes to your credit distribution can be made by contacting the Geoscience Assessment Office within this 45 Day period, otherwise assessment credit will be cut back and distributed as outlined in Section #6 of the Declaration of Assessment work form.

Please note any revisions must be submitted in DUPLICATE to the Geoscience Assessment Office, by the response date on the summary.

If you have any questions regarding this correspondence, please contact Lucille Jerome by e-mail at jeromel2@epo.gov.on.ca or by telephone at (705) 670-5858.

Yours sincerely,

ORIGINAL SIGNED BY
Blair Kite
Supervisor, Geoscience Assessment Office
Mining Lands Section

Correspondence ID: 12366

Copy for: Assessment Library

Work Report Assessment Results

Submission Number: 2.18285

Date Correspondence Sent: June 26, 1998 **Assessor:** Lucille Jerome

Transaction Number	First Claim Number	Township(s) / Area(s)	Status	Approval Date
W9810.00051	1178349	PATERSON LAKE	Approval After Notice	June 26, 1998

Section:
14 Geophysical MAG

Assessment work credit has been approved as outlined on the attached Distribution of Assessment Work Credit sheet.

Correspondence to:

Resident Geologist
Kenora, ON

Assessment Files Library
Sudbury, ON

Recorded Holder(s) and/or Agent(s):

ROBERT JOHN FAIRSERVICE
KENORA, ON

Karen Rees
AVALON VENTURES LTD.
THUNDER BAY, ONTARIO

Correspondence ID: 12366

Distribution of Assessment Work Credit

The following credit distribution reflects the value of assessment work performed on the mining land(s).

Date: June 26, 1998

Submission Number: 2.18285

Transaction Number: W9810.00051

Claim Number	Value Of Work Performed
1178349	10,478.00
1178304	6,600.00
1178305	800.00
1178306	5,400.00
Total: $	23,278.00

Correspondence ID: 12366

TRIM LINE

G-2634

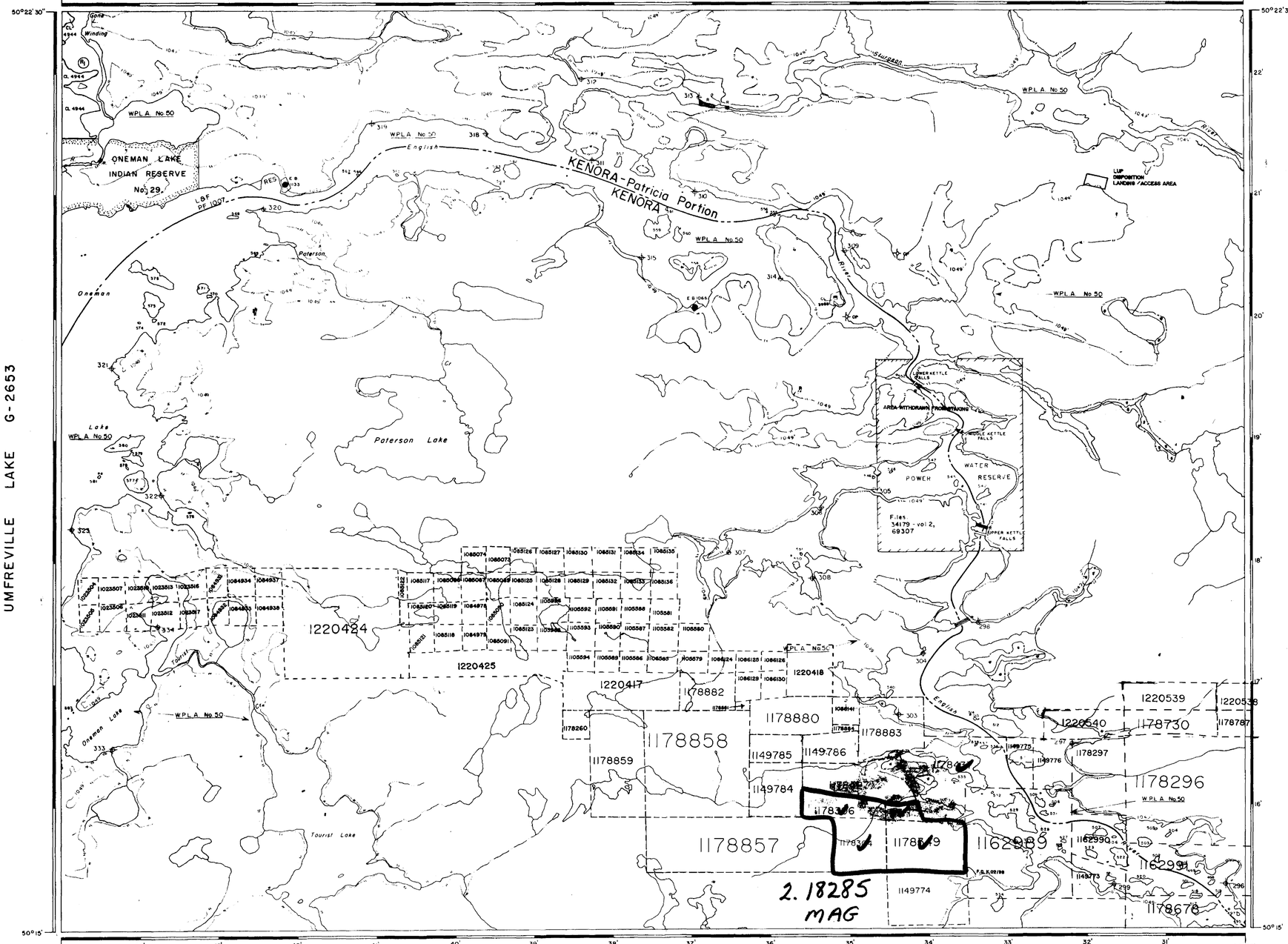
PATERSON LAKE

REX LAKE G-2637

UMFREVILLE LAKE G-2653

TREELINED LAKE G-2651

SNOOK LAKE G-2644



LEGEND

- HIGHWAY AND ROUTE No.
- OTHER ROADS
- TRAILS
- SURVEYED LINES
  - TOWNSHIPS, BASE LINES, ETC.
  - LOTS, MINING CLAIMS, PARCELS, ETC
- UNSURVEYED LINES
  - LOT LINES
  - PARCEL BOUNDARY
  - MINING CLAIMS ETC.
- RAILWAY AND RIGHT OF WAY
- UTILITY LINES
- NON-PERENNIAL STREAM
- FLOODING OR FLOODING RIGHTS
- SUBDIVISION OR COMPOSITE PLAN
- RESERVATIONS
- ORIGINAL SHORELINE
- MARSH OR MUSKEG
- MINES
- TRAVERSE MONUMENT

LEGEND

TOURIST CAMPS OR OUTPOST

DISPOSITION OF CROWN LANDS

TYPE OF DOCUMENT	SYMBOL
PATENT, SURFACE & MINING RIGHTS	●
" , SURFACE RIGHTS ONLY	◒
" , MINING RIGHTS ONLY	◒
LEASE, SURFACE & MINING RIGHTS	■
" , SURFACE RIGHTS ONLY	■
" , MINING RIGHTS ONLY	■
LICENCE OF OCCUPATION	▼
ORDER-IN-COUNCIL	OC
RESERVATION	⊕
CANCELLED	⊗
SAND & GRAVEL	⊕

NOTE: MINING RIGHTS IN PARCELS PATENTED PRIOR TO MAY 6 1913, VESTED IN ORIGINAL PATENTEE BY THE PUBLIC LANDS ACT, R.S.O. 1970, CHAP 380, SEC 63, SUBSEC 1

REFERENCES

AREAS WITHDRAWN FROM DISPOSITION

M.R.O. – MINING RIGHTS ONLY
S.R.O. – SURFACE RIGHTS ONLY
M.+ S. – MINING AND SURFACE RIGHTS

Description	Order No.	Date	Disposition	File
(A)	W.5/82	21/7/72	S.R. & M.R.	19 42 23

UPDATES

FLOODING

RESERVE FLOODING RIGHTS AND LAND UNDER THE WATERS OF THE ENGLISH RIVER BETWEEN SEPARATION RAPIDS AND CARIBOU FALLS, INCLUDING ONE MAN LAKE, TOURIST LAKE, GONE LAKE, STURGEON RIVER, WINDING RIVER, PATERSON CREEK, AND TOURIST CREEK, BELOW CONTOUR ELEVATION 1049.0', G.S.C. DATUM, 1919, TO HER PG OF ONTARIO FOR THE DEVELOPMENT OF WATER POWER AT CARIBOU FALLS. FOR DETAIL OF CONTOUR, REFER TO PLAN No U 2 27 dated 15th MARCH 1956, (INLAND PLAN No 800-3359).
WPL A No 50 dated 21st DECEMBER 1959 File 34179.

Flooding rights to contour elevation shown thus ~~~~ Mining claims staked in the vicinity, subject to flooding. See Files: 34179- (vol 2) and 69307

SCALE: 1 INCH = 40 CHAINS

FEET 0 1000 2000 4000 6000 8000
METRES 0 200 1000 (1 KM) 2000 (2 KM)

AREA

PATERSON LAKE

M.N.R. ADMINISTRATIVE DISTRICT
KENORA
MINING DIVISION
KENORA
LAND TITLES / REGISTRY DIVISION
KENORA / KENORA (PATRICIA PORTION)

Ministry of Natural Resources — Ontario — Land Management Branch

Date	Number
FEBRUARY, 1984	G-2634
M-2531	

DATE OF ISSUE

MAY 2 1 1998

PROVINCIAL RECORDING OFFICE - SUDBURY

DATE PUT IN SERVICE
JUL 19 1996
KENORA
MINING DIVISION

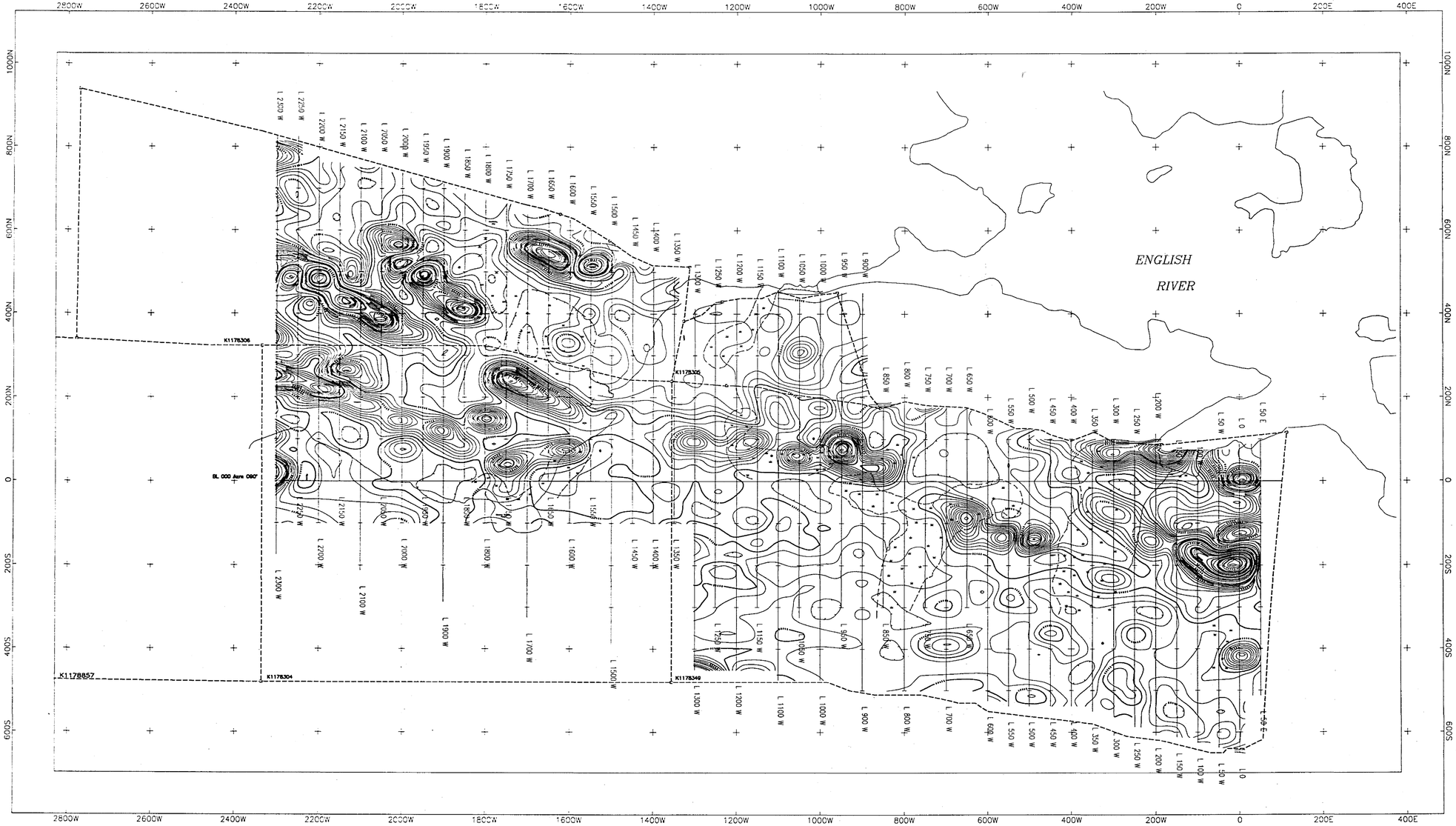
THE INFORMATION THAT APPEARS ON THIS MAP HAS BEEN COMPILED FROM VARIOUS SOURCES, AND ACCURACY IS NOT GUARANTEED. THOSE WISHING TO STAKE MINING CLAIMS SHOULD CONSULT WITH THE MINING RECORDER, MINISTRY OF NORTHERN DEVELOPMENT AND MINES, FOR ADDITIONAL INFORMATION ON THE STATUS OF THE LANDS SHOWN HEREON.

503943

KK

52L07SE2001 2.18285 PATERSON LAKE 200

TRIM LINE



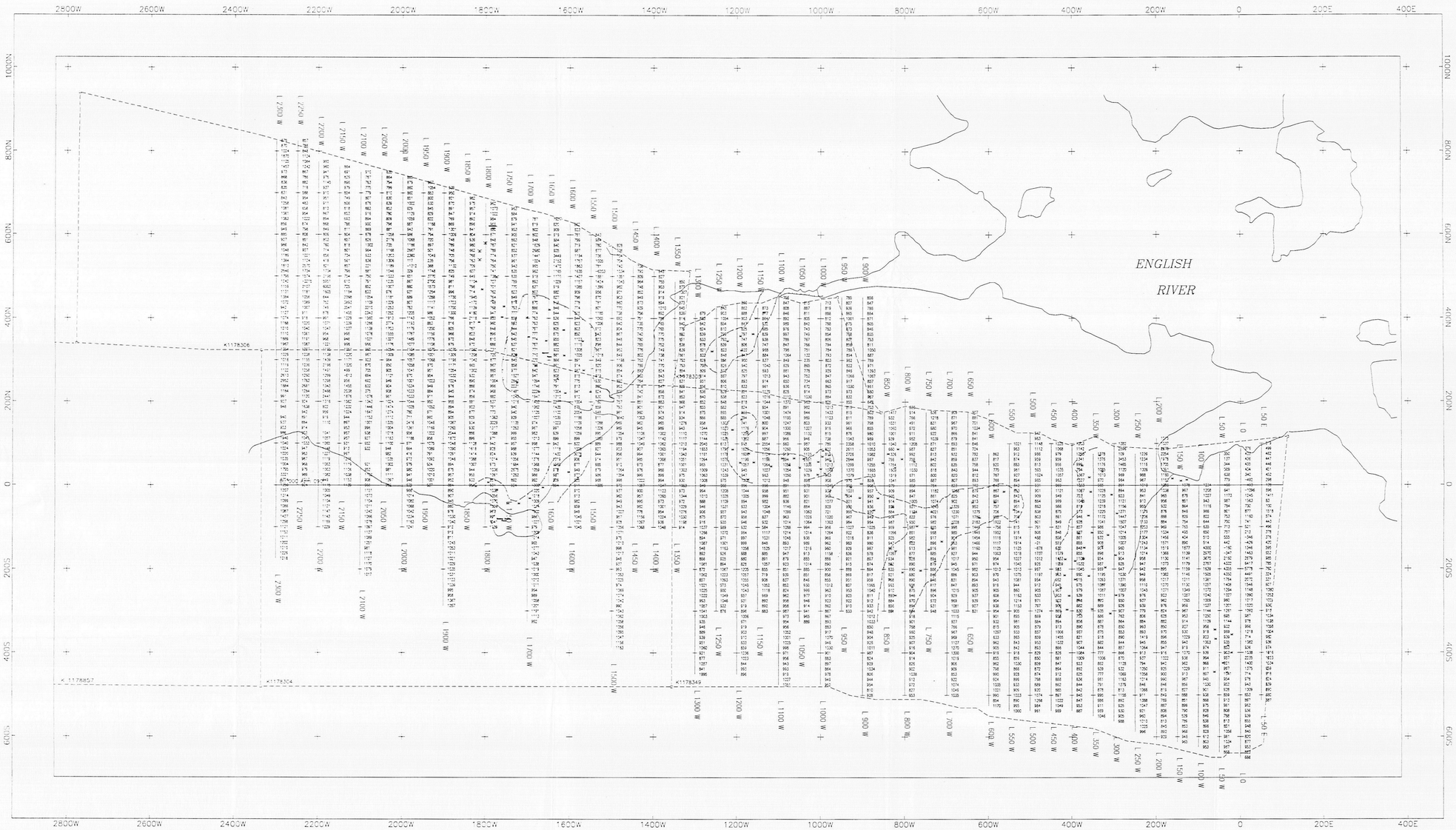
2.18285

RECEIVED
MAR - 3 1998
GEOSCIENCE ASSESSMENT OFFICE

Scale 1:5000
100 0 100 200 300
(metres)

AVALON VENTURES LTD.
SEPARATION RAPIDS PROPERTY MAGNETOMETER SURVEY TOTAL FIELD CONTOURS
Instrument: Scintrex Envi-Mag Base Station Corrected Contour Interval: 50 nT
GIBSON AND ASSOCIATES

Map 1b



2.18285

Scale 1:5000

100 0 100 200 300

(metres)

RECE...
MAR - 3 ...
GEOSCIENCE ASSES...
OFFICE

AVALON VENTURES LTD.

SEPARATION RAPIDS PROPERTY
MAGNETOMETER SURVEY
TOTAL FIELD POSTINGS

Instrument: Scintrex Envi-Mag
Base Station Corrected
Base Removed: 58,000 nT

GIBSON AND ASSOCIATES

Map 1a

52L07SE2001 2.18285 PATERSON LAKE 220