GEOPHYSICAL SURVEY

by


August - September, 1999

CMC Claims
(Including G.L. Fractional Claims)

Watson Lake Mining District

Grant Numbers: CMC 1-24: YA56628-YA56651
CMC 25-38: YA70616-YA70629
CMC 39-41: YA70708-YA70710
CMC 43-104: YA70712-YA70773
G.L. 1-2: YA99544-YA99545
G.L. 3-10: YA99548-YA99555
G.L. 11: YA99557
G.L. 12-13: YA99546-YA99547

Map 105 B/7
Latitude 60° 20', Longitude 130° 44'
This report has been examined by the Geological Evaluation Unit under Section 53 (4) Yukon Quartz Mining Act and is allowed as representation work in the amount of $1,000.00 for Regional Manager, Exploration and Geological Services for Commissioner of Yukon Territory.
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Map 105 B/7
Latitude 60° 20', Longitude 130° 44'
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INTRODUCTION

General

Between August 24 and September 3, 1999, the author and Mr. Ron Stack, both from Whitehorse, Yukon, conducted a geophysical program on the CMC and G.L. quartz claims located in southern Yukon. Mr. A. W. Hyde, also from Whitehorse, supervised the camp, including providing for room and board. Most of the camp buildings have fallen into disrepair; however, a few can be made habitable simply by covering the roof with a tarp.

A geophysical program was conducted, which included gridding plus a magnetometer and VLF survey.

The CMC property was part of the Hart or Silver Hart project which previously encompassed a much larger claim group.

Location and Access

The property is located in south central Yukon, in the Rancheria area (see location map, page 2) and can be reached by travelling east from Whitehorse approximately 310 km on the Alaska Highway to a gravel road turn-off 2.5 km east of Walkers Continental Divide. The property is thence reached by travelling 41 km in a north to northeasterly direction. It should be noted that the last few kilometres of this gravel road are very steep and require four-wheel-drive. Road access to and within the property can be seen on the 1:20,000 grid and topo map (page 3).

The property is located at 60°20' north latitude and 130°44' west longitude or in UTM (NAD 27) coordinates at 405,000E and 6,689,000N.

Topography

The property ranges in elevation from 1,200 to 1,560 metres above sea level. Most of the relief on the gridded area is gentle including rounded hills, with the exception of the steep west slope of the hill west of the baseline and steep slopes located roughly 400-500E on Lines 4760N and 4880N. Most of the grid is above timberline with only parts of the southern four lines in wooded areas. Both the relief and the timber/clear areas are marked on the grid and topo map (page 3) as 20 metre contour lines and as a darker 'forest/clear' line, respectively.
The CMC property consists of 116 continuous Yukon quartz claims comprising 103 CMC claims plus 13 G.L. fractional claims. In 1986 a Canada Land Survey conducted a legal survey of the CMC 5-12 and CMC 25-28 quartz claims. These are shown on plan no. 70722 as Lots 1000 to 1011; this plan can be obtained from the Federal Government, Department of Natural Resources, Legal Surveys Division, in Room 225 of the Federal Building in Whitehorse, Yukon. Three of these legal pin locations were found in the field and are marked as 1, 2 and 3 on the claim map (page 5) The following is a list of claims, with anniversary dates:

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<thead>
<tr>
<th>CMC</th>
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<tr>
<td>G.L. 12-13</td>
<td>YA99546-YA99547</td>
<td>October 27, 1999</td>
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</table>

History

The following quote from Yukon Minfile 105B021 gives a encapsulated work history of the property:

First staked as Bastille cl [claims] (57458) in Aug/47 by Great Northern ECL, headed by Dr. F.W. Galbraith of the Univ. of Arizona. Restaked as Mid cl (Y64349) in Sep/71 by Wolf Lake Joint Venture (Rayrock ML, Ashland Oil Can L and Can Ind G & OL), which conducted grid soil sampling and detailed mapping in 1972. Fowler also reports they trenched plus drilled eight short diamond drill holes; he reported they found minor scheelite and moly skarn mineralization. Restaked as CMC cl (YA56628) in Sep/80 by A.W. Hyde, who trenched later in the year and optioned the claims to BRX Mg and Pet Corp, which performed mapping and geochem sampling and drilled 2 holes (197 m) in 1982. McDame Project (BRX Mg and Pet Corp, Eldorado Mls & Pet Corp and Highmark Res L) tied on BRX cl (YA68275) to the west in May/82 and performed mapping and geochem sampling later in the year.
After the first option expired, Hyde performed more trenching in 1983 by T. McCrory & B. Preston before optioning the property to United Greenwood EL & Cons Montclerg ML late in 1983. When the option lapsed, the owners trenched again and optioned the property for a third time in Nov/84 to a joint venture between Silver Hart ML and Shakwak ECL. The joint venture added about 500 SH, SAB & BEA cl (YA72267) between Oct/84 and Feb/85 and explored with trenching, 50 drill holes (3658 m), a 673 m adit and 2 raises, and built a 40 km road in 1985-86.

Early in 1986, Shakwak sold its interest to Ark La Tex Ind L. Silver Hart drilled 4 holes (609.6 m) in 1987 on the main showing and bulldozer trenched on the surrounding claims.

Between June 26 and August 26, 1993, Mr. A. Wallace Hyde conducted work on the property using a Caterpillar D7G bulldozer. The work consisted of two phases: the first phase was overburden stripping, bedrock ripping and road construction totalling 6,574 cubic yards. The second phase was classed as environmental reclamation and restoration of waste berms and stockpiles; it consisted of bulldozing an additional 49,760 cubic yards.

The only reference to past geophysics was in Fowler’s Report (December 1987) wherein he stated that Silver Hart mines tried some test geophysical surveys (IP, Mag, VLF, Max-Min). However, no record of this work could be found in either Mr. Hyde’s collection of reports or in the assessment files.

Grid and Field Procedure

Since the main geological structure on the property trends at between azimuth 45 to 60 degrees, it was decided to reclaim the old baseline, which has a bearing of 45°. However, since the old grid was in Imperial measure (feet), it had to be converted to metric. There is only one grid on the property, but two different Imperial numbering systems have been employed. The first (pre-1986) was labelled Line 0+00N, 0+00E (or W) corresponding to baseline 5000N on the present (1999) metric grid. Also, old metal tags were found which showed that this same station (BL 5000N - metric) was also labelled 10,000N, 10,000E (feet), which was probably the Imperial grid used after and during the 1986 field season. Since some of the lines were cut at 200 and/or 400 foot spacings, it was decided to use these old lines. At 400 foot intervals, these lines translate into approximately 120 metre intervals. This explains why the present line spacing is expressed in odd metric intervals.
Since the old grid ended at approximately 200W, it was extended to 700W. If any of the old data should surface by recovering the old grid, it would be a simple matter to convert back and forth from Imperial to metric.

For the purpose of this geophysical survey, all lines were flagged with orange and blue flagging at 25 metre intervals (not slope corrected). In order to give some permanency to the grid, two-foot long laths with stations marked on metal tags were placed at 100 metre intervals, with the exception of L4760N and 4880N which were picketed at 50 metre intervals (flagged at 25 metres). With the exception of L5100N and three short test lines (L5525, L5050 and L4950N), line spacing is at 120 to 130 metre intervals.

Two Gem GSM-19 proton precision magnetometers were employed for the magnetometer survey. One was used as a field magnetometer while the other was employed as a base station at 5025N, 25W. Magnetometer readings were taken at five metre intervals by pacing or estimating the stations between the 25 metre flags.

A Geonics EM-16 was employed for the VLF survey, with readings taken at 12.5 metre spacings. Both the in-phase and quadrature were read. Hawaii (21.4 KHz) was chosen since its transmitting direction came closest to paralleling the interesting structures. All readings were taken by facing the direction of the station (210-215° Hawaii) and thence turning clockwise 90 degrees before taking the readings.

**REGIONAL GEOLOGY**

The CMC property is on the contact between the Cretaceous Plutonic rocks of the Cassiar Batholith to the west and the Palozoic sedimentary rocks of the Cassiar Platform to the east. The area (Wolf Lake Map Sheet 105B) was first mapped by W.H. Poole (1951-1955) and then by J.A. Roddick and L.H. Green (1959) for the Geological Survey of Canada. Later mapping was done by G.W. and J.F. Lowey and S.E. Amukun for the Department of Indian and Northern Affairs. The latest map sheets (Amukun and Lowey: 105B/7 and 105B/8) published in 1987 were funded by the Canada-Yukon Economic Development Agreement.

A good summary of the regional geology was contained in W.S. Read’s report dated 8 May 1987 from which the following is quoted:

> The Cassiar Batholith is a belt of mid-Cretaceous Plutonic rocks composed of granite, granodiorite, orthogneiss up to 20 km wide and 400 km long, that extends from northeast British Columbia into southeast Yukon. The Rancheria District lies at the north end of
this belt. The eastern contact of the Cassiar Batholith with the Paleozoic sedimentary rocks is irregular, in part due to being offset by northeast-trending faults and possibly by roof pendants.

In the area of the Hart Silver project claims, the Paleozoic sediments have been mapped as Lower Cambrian Age and are composed of limestone, siliceous limestones, quartzites and phyllites, and are variously altered to hornfels, schists, marbles and skarns.

The mafic and felsic dykes and quartz veins have been mapped as Tertiary in age. Green "andesite" dykes are found throughout the mineral district and appear to be related to faulting that hosts silver-bearing veins.

The claims area covers part of a district from northern British Columbia to north of the Hart project, which contains a number of silver-lead-zinc deposits and many low-grade tungsten skarn deposits.

The mineral occurrences include: argentiferous galena and sphalerite-bearing quartz veins in granite of the Cassiar Batholith; silver-rich galena-sphalerite-bearing quartz and carbonate veins and replacement deposits in Lower Cambrian sediments; wolframite-bearing quartz veins in Lower Cambrian sediments; galena-sphalerite-bearing quartz veins in carboniferous mylonite and quartzite; and tungsten-bearing skarns in roof pendants within the Cassiar Batholith.

Lowey found: "(1) the majority of mineral occurrences in the district exhibit similar characteristics which suggest a common genesis; (2) mineralization is often controlled by east-west and northeast jointing and faulting; (3) mineralization and structural and lithologic control on mineralization in the Rancheria area is similar to that in the Keno Hill-Galena Hill area, Yukon."

**PROPERTY GEOLOGY AND MINERALIZATION**

Only a condensed general summary of the property geology is given here since it would require considerable time to track down all the missing data and also the sheer volume of the material would be best covered in a separate geological report. The most important information that needs to be found is detailed property geological
and mineralization (including assays) data, including maps showing
the location of all the difference “zones” that have been examined
during past exploration programs.

The property geology is summarized in Larry Carlyle’s November 1990
report and is quoted here:

The geological knowledge of the area which includes the
CMC, GL, SH, SAB and BEA Claims has been greatly
expanded since the author worked in the area in 1985.
The writer will attempt to summarize this new
information but the reader is referred to the Read (May
1987) and the Fowler (December 1987) reports for more
complete details.

The oldest rocks in the minesite area are interbedded
lower green schist facies quartz-biotite-sericite-
chlorite schist, marble and meta quartzite of the Atan
Group. Foliation in the sediments strike between 295°
and 320° Az and dip between 50° and 75° to the northeast.

The mid-Cretaceous coarse to medium grained granodiorite
of the Cassiar Batholith intrudes the sediments forming
an irregular plug and local sills. Contacts are both
intrusive and fault related. Slickensides indicating
vertical movement have been observed on the footwall
of the No. 1 Vein. It is postulated that vein faulting may
represent the limits of a complex network of horst-
graben structures. Surface mapping by M. Issigonis in
1987 indicates that most faults are left lateral and
compressional with a few faults being right lateral and
tensional. Silver mineralization in the vein-faults
occurs in both sediments and granodiorite striking 45°
to 60° Az and dipping 40° to vertical toward the west.
Higher grades are located in granodiorite hosted veins.
The mineralization is epithermal usually with prominent
wallrock alteration. Vein zones are banded, suggesting
a series of mineralizing events. Metallic minerals in
the veins consist of argentiferous galena, sphalerite
and freibergite with lesser amounts of arsenopyrite,
pyrite, chalcopyrite, pyrargyrite, covellite, chalcocite
and hematite. Non-metallic minerals are mainly quartz
and siderite with smaller amounts of calcite, dolomite,
sericite, chlorite, plagioclase, potassium feldspar,
mimetite (scorodite?), argentojarosite and plumbojarosite. Wallrock alteration is strongest in the
granodiorite and consists of silicification,
argillization and propylitization. Argillic alteration is the strongest of the three types and exists around both mineralized and unmineralized faults. Fowler says, "By far, the best leader in surface exploration has been large manganese 'wad' zones which occur as broad envelopes confined to the hangingwall and vein zone itself."

Read observed that the highest silver values are normally found near surface and decrease with depth and that the lead/zinc ratio decreases with depth. He also observed, "There could be other plates at other elevations in the vein that are completely uneroded, which would be favourable in temperature and pressure for silver deposition as found in other silver districts."

I personally favour the carbonates as opposed to the granodiorite as having the best potential of capturing the mineralizing (Pb-Ag) fluids in larger "swells" or "pods" rather than being confined to the small cracks and fissures of the granodiorite.

Evidence of this can be seen in the trench located on L5525N at 520E to 540E in which Mr. A.W. Hyde plucked out a large chunk of massive galena slightly less than a foot across during the period of this geophysical survey. Carbonates (limestone?) were observed in the wall rock a few metres away.

In recent press releases by Nordac Resources Ltd. (April 21, June 22 and August 10, 1999) on their Blue Heaven project, which immediately adjoins the CMC to the southeast (see claim map), it was reported that their main targets are carbonate replacement deposits. They reported high-grading (Heaven) 48 ore bags (0.9 - 1.5 tons each) and have plans to ship them to the smelter.

PURPOSE

1. Run geophysics over known areas of mineralization in order to check the response and locate additional untested targets.

2. Extend the grid both east and west in order to search for additional geophysical anomalies that may prove to be good exploration targets.
RESULTS

The 1999 VLF results can be seen as a colour Fraser Filter on page 13 and as stacked profiles contained in the pocket. The VLF conductor axis has been marked on these profiles.

The magnetometer results are shown as a colour contour map on page 12 and as stacked profiles in the pocket. Mag readings are quite high on the property, with background readings in the neighbourhood of plus or minus 50 gammas. Because of the excessive mag contrasts on the property, only positive mag anomalies in the order of 500 gammas or more are considered. Both these and the location of the VLF conductor axes are plotted on the anomaly map (page 11). Some of the trenches with a few of the known lead-silver occurrences were plotted on this map as well, in order to make comparisons.

INTERPRETATION AND CONCLUSIONS

The two colour contour maps give an excellent “bird’s eye” view of both the large number of magnetic contrast (less than 500 gammas) and, to a lesser extent, the number of conductor axes across the property. One can see that the trends on both maps support the geological data of structures striking between 45 and 60 degrees.

The anomaly map (page 11) shows what are considered five of the most important anomaly systems that should receive future exploration. Anomalies 1, 2 and 5 have already had some trenching done; however, it is far from complete. It should be cautioned here that, if the old drill records are located, areas 1, 2 and 5 should be checked for drill results before planning a field program on them. No evidence of any physical work was encountered on areas 3 and 4. Because of lack of data, the area with the majority of work from the underground portal northeast to the centre of the map will not be the subject of this report.

Since the mineralizing fluids (Pb, Ag) often follow faults or fractures during deposition, the VLF conductor axis is considered more useful than the magnetometer reading here. Often, these fractures contain conductive clay or gouge which results in VLF anomalies. Specific test sites are too numerous to be covered here and are left up to the reader to select from the stacked profiles.

Area 1

This area was picked as an exploration target because it has visual mineralization in the trench located at 5525N, 525E. It is in the sediments (carbonate replacement) and has a chunk of galena almost a foot wide in-place. This corresponds to a weak VLF anomaly (see map) and should be tested along this anomaly. There are four other
untested anomalies in the immediate area that should be looked at. Since the exact location relative to the conductor axis cannot always be pin-pointed, it is probably advisable to cross-trench these anomalies to a total length of at least 20 metres.

Area 2

This area is an anomaly system immediately grid west of area 1. The anomaly systems have only been touched on by existing trenching and hence should receive more exploration. Here again, research should be done to see if any of this area was ever drilled.

Area 3

As one can see, this area has a major magnetic anomaly as well as two conductor axes. There is no evidence of any past exploration here, hence it represents a new exploration target. It is possible that a different suite of rocks may be encountered in this area; therefore, any laboratory analysis such as for geochemistry should check for more than just lead, silver and zinc, e.g. also run a few ICP plus gold. As one moves grid south on this anomaly system, overburden depths may become excessive, limiting the use of geochemistry.

Area 4

As above, area 4 is also considered a new target since there is no sign of any previous work. This area is on the far west end of the grid and has high magnetic contacts both on and near the conductor axis. There is plenty of rock outcrop nearby and the depth of overburden is expected to be shallow, thus allowing for the use of geochemistry. One has a choice of either physically cross-trenching the anomalies or of first employing prospecting and soil geochemistry techniques.

Area 5

Area 5 has visible galena mineralization in the trench located on L5850N, 30W. The VLF conductor axis is immediately grid west (approximately 25 metres) of the trench and may have been the conduit for the mineralizing fluids. If one should choose to extend this zone to grid north, it would be advisable to carry out more geophysics first.

Aside from areas 1 to 5, there are many other anomalies. It is left up to the reader as to whether or not they should be considered of importance.
RECOMMENDATIONS

1. Attempts should be made to locate the missing information. Especially important are exploration soil geochemistry data, drill logs, property geology, and mineralization, together with their corresponding location maps.

2. With or without the above, anomaly systems 1 and 2 (see anomaly map) should be cross-trenched since it is obvious that exploration is incomplete here.

3. The upper parts (expected to have shallower overburden) of areas 3 and 4 should be prospected first, accompanied with soil geochemistry. Especially important are locations where the conductor axis and mag anomalies are either close by or contacting. Favourable targets could then be cross-trenched and/or drilled.

4. If one should choose to explore grid north of area 5, a geophysical survey should be conducted first since the existing mineralization could be closely associated with the strong VLF conductor axis.

5. Any further exploration grid south of the underground portal along-strike of the favourable structure is not recommended at this time. Only after a thorough study of the underground and surface data should this option be considered.

Note: It should be kept in mind that more sophisticated geophysical methods such as I.P. or high frequency (higher than VLF) max-min may define the favourable structures better than VLF, and could be employed in the future. However, this would have to be weighed against the economics of digging backhoe trenches in shallow overburden, especially since it would result in immediate bedrock sampling.
BIBLIOGRAPHY

Amukun, S.E. and Lowey, G.W., 1986:
Maps 10B/7 and 8
Open File 1987-1

Bolin, David S., Slipp, Robert, Smith, Alan and Doolittle, Gary:

Carlyle, Larry W:

Dodge, James S:

Fowler, B.P:

Nordac Resources Ltd:
Press Releases - April 21, June 22 and August 10, 1999.

Poole, W.H., Roddick, J.A. and Green, L.H:

Smith, F. Marshall:

Smith, F. Marshall:

Read, W.S:

Yukon Minfile No. 105B021, revised April 1993:
Yukon Minfile Master Report, Yukon Geology Program, Whitehorse.

Note: Some of the above reports were not complete, i.e. many detailed maps are missing.
CMC PROPERTY

VALUE OF ASSESSMENT WORK

August 24 to September 3, 1999

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<th>Description</th>
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<td>Geophysical operator and line cutter @ $150/day</td>
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<td><strong>Field</strong></td>
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<td>Geophysical operator and line cutter:</td>
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<td>9 days @ $225/day</td>
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<td><strong>TOTAL</strong></td>
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I, GARY C. LEE, of the City of Whitehorse, Yukon Territory, HEREBY CERTIFY that:

1. I am a self-employed Geological Engineer.

2. I am a graduate of the University of Toronto, Toronto, Ontario, with a degree in Applied Science - Geological Engineering (Mineral Exploration option).

3. I am a member of the Professional Engineering Associations of the Yukon, British Columbia, and Ontario.

4. I supervised and carried out the grid and geophysical work described in this report.

5. I do not hold any interest in this property.

Dated: September 20, 1999