

Report
on
2005 Exploration Programme
McGarry Project
Goldstake Explorations Inc.

McGarry Twp.
Larder Lake Mining Division
Kirkland - Larder Lakes Area, Ont.

E.A.Gallo, P.Geo.
Toronto, Ont.
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Summary

Goldstake Explorations Inc. conducted an exploration programme for gold and for diamonds on their McGarry Twp. property between January-April, 2005.

Previous work on the property had identified several areas of gold mineralization, 2 of which are termed the Instant Pond Gold Zone and the South Gold Zone. Previous workers had also located 3 sites where micro diamonds, kimberlite, and/or indicator minerals

were recovered from heavy mineral concentrates of basal till samples.

Goldstake's exploration programme consisted of limited line cutting and magnetic geophysical surveying, followed by diamond drilling.

The line cutting was undertaken in selected areas. Skeletal grids were cut over 3 aeromagnetic anomalies to facilitate their evaluation on the ground. Lines were also cut over the Instant Pond and South Gold Zones to tie in old drill sites and to position proposed new holes. All of the lines were chained and picketed at 25-meter intervals. Approximately 14 kms of lines in total were cut, chained, and picketed.

The aeromagnetic anomalies were considered to be of interest because of their positions, approximately 2 kms directly up-ice from sample sites where micro diamonds, kimberlite, and indicator minerals had been recovered from basal till. Two of the aeromagnetic anomalies, termed A and B, were profiled on the ground using a walking magnetometer. Magnetic intensities of over 1,700 and 800 nanoteslas, respectively, above background were recorded. One short hole was drilled into each of the 2 magnetic anomalies. Both holes intersected magnetiferous syenite, which explains the anomalous magnetism.

The diamond drilling was concentrated on the Instant Pond and South Gold Zones. Four holes totaling 584.6 meters were drilled into the Instant Pond Zone. Five holes totaling 1,080.9 m were drilled into the South Zone. Gold values associated with shearing, silicification and carbonatization were intersected over narrow widths in basaltic lavas. The best values were returned from the South Zone, where three adjoining holes along a strike length of approximately 50 m all intersected visible gold across narrow widths ranging from 0.19 - 0.79 m. The best of the 3 returned a spectacular 1,078.97 gAu/tonne across a core length of 0.19 m (31.47 oz. per ton across 0.6'). Lower gold values alongside this section expands it to a weighted average of 33.29 g/tonne across a core length of 8.76 m (0.97 oz/ton across 28.8'). After eliminating the coarse gold (+100 mesh fraction) by metallic assaying, this section grades 31.27 gAu/tonne (0.91 ox/ton).

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The apparent 50-meter strike length of these high grade intersections suggests that a central core of higher grade gold mineralization may be present. Despite the narrow widths of these intersections, their high values and near-surface occurrence qualifies them as being of potential economic interest. Several small circular/oval magnetic anomalies situated just up-ice from the anomalous basal till samples remain unexplained. Their shape, and their critical positions qualifies them as warranting additional work to evaluate their diamond potential.

A programme of further exploration work is recommended to better evaluate the gold and the diamond potential of the McGarry property. The recommended programme is in 2 stages, with total - estimated costs of \$1.5 million.

Introduction

Goldstake Explorations Inc. holds an option to earn a controlling interest in a large property situated just north of the prolific gold-producing Kirkland-Larder Lake Break.

The property is registered in the name of Transpacific Resources Inc., and Goldstake can earn 75% by spending \$2.5 million by Dec. 31, 2009.

The property is situated in McGarry Twp., 1.9 kms north of Virginiatown, Ontario, site of the Kerr Addison Mine, a former major gold producer.

Portions of the property have been previously explored, primarily by McGarry Gold Corp. in the 1970's, and Transpacific Resources in the 1990's. McGarry Gold's work identified several areas where anomalously high counts of gold grains were recovered from heavy mineral concentrates of basal till samples. Identified also in these same heavy mineral concentrates were three micro diamonds, kimberlite, and diamond indicator minerals. Surprisingly, the diamond potential of the property was not given serious consideration at the time. Detailed follow-up work was

concentrated on evaluating the gold potential of the property, particularly 2 areas termed the F Zone and the G Zone, where diamond drilling was conducted on the former, and stripping of overburden from the latter. The F Zone was reported by McGarry Gold to contain "...uncut undiluted tonnages of 130,000 tons of 0.1 oz. gold." Zone G was reported to carry visible gold. McGarry Gold applied for, and was granted a Mining Lease on the property. Due to a lack of funds, no further work was undertaken, and the property was idle until Transpacific Resources acquired it in the mid 1990's.

Transpacific's work consisted of stripping overburden from the F Zone, induced polarization (IP) geophysical surveys over selected small areas, and diamond drilling.

Gold mineralization was confirmed in the F Zone, and was also found to underlie 2 weak IP anomalies near Instant Pond. These latter 2 areas were termed the Instant Pond Gold Zone and the South Gold Zone. The Instant Pond Gold Zone contains an estimated, drill-indicated mineral resource of 50,000 tonnes averaging 2.9 gAu/tonne, along a strike length of 280 meters, and to a vertical depth of 110 meters. The South Zone contains an estimated, drill-indicated mineral resource of 40,000 tonnes averaging 3.6 gAu/tonne, along a strike length of 130 meters, and to a vertical depth of 90 meters.

Lack of funding prevented Transpacific from conducting further

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work, and Goldstake secured an option on the property in August, 2003. Goldstake conducted a 2-hole drilling programme in 2004 to satisfy assessment work requirements. Both holes were drilled into the Instant Pond Gold Zone, and both holes intersected gold mineralization.

In 2005, Goldstake undertook a broader exploration programme designed primarily to evaluate the gold potential of the Instant Pond Gold Zone and the South Gold Zone, and secondarily to investigate 2 magnetic anomalies for their diamond potential. Line cutting, ground magnetic geophysical surveying, and diamond drilling were performed. This Report describes the exploration work undertaken and the results obtained, draws conclusions from these results, and makes recommendations regarding additional exploration/evaluation work.

2005 Exploration Programme

A skeletal grid of lines was cut, with the dual purposes of positioning drill holes, and of crosscutting selected aeromagnetic anomalies. Grid Lines at Azimuth 348° (grid north), and Tie Lines at Azimuth 282° were cut over the Instant Pond and South Gold Zones. Three sets of Cross Lines were also cut, each set over a known aeromagnetic anomaly, and oriented to cross-section the anomaly. All of the lines were chained, and pickets were erected at 25-meter intervals. A total of 14.2 kms of lines were cut, chained, and picketed.

A magnetic survey was conducted using a Scintrex Envi-Mag Environmental Magnetometer. This is a portable precession magnetometer, commonly referred to as a 'walking magnetometer'. Sensitivity of the instrument is 0.1 nanotesla (nT). The instrument was set to take readings at 2-second intervals. Measurements were taken of the vertical component of the earth's magnetic field. Cross Lines over 2 aeromagnetic anomalies, termed Magnetic Anomaly A and Magnetic Anomaly B, were read. The magnetic intensity of Anomaly A was found to vary from 57,150 nT to 58,910 nT across a horizontal distance of about 150 meters. Anomaly B was found to range between 57,100 nT and 57,950 nT, also across a horizontal distance of 150 meters. Profiles of the magnetic intensities over Magnetic Anomaly A. and Magnetic Anomaly B are shown on the Sections through drill holes 05-05 and 05-06, respectively. Diamond drilling was undertaken, focused on the Instant Pond and South Gold Zones. Eleven holes, numbered 05-01 to 05-11,

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were drilled. A 12th hole, 05-01A, was lost in bad ground. Core size in all holes was BQ. Individual hole depths ranged between 14.7 m in the lost hole to 290.0 m. A cumulative total of 1,728.9 m was drilled. The locations of the drill holes are shown on Figure I, the Diamond Drill Hole Plan. Table I gives a summary of the drill hole results. Detailed geological logs with sampling intervals and assay results, together with Drill Hole Sections, are provided for each drill hole in Appendix A. Four of the 11 holes, numbered 05-01, -02, -03, and -04, were drilled into the Instant Pond Gold Zone to investigate continuity of the gold mineralization. All 4 holes returned values in gold. The best values ranged from 1.275 gAu/tonne across a core length of 1.68 m (0.04 oz/ton across 5.5') in Hole 05-01, to .65.72 gAu/tonne across a core length of 0.25 m (1.92 oz/ton across 0.8') in Hole 05-02.

The gold mineralization occurs in association with minor disseminated pyrite and chalcopyrite in sheared, silicified, carbonatized mafic volcanic flows. Higher gold values often occur where the chalcopyrite content is greater. Fuschite is sometimes present. Occasionally, the gold occurs in coarse form, commonly referred to as VG (visible gold), in which case it is easily identified by the naked eye.

Five holes, numbered 05-07, -08, -09, -10, and -11, were drilled into the South Gold Zone. These holes were also drilled to investigate the continuity of the gold mineralization. The gold mineralization in the South Zone is virtually identical in its mode of occurrence and association as that at Instant Pond. All 5 holes in the South Zone intersected gold mineralization. The best values range from 0.38 gAu/tonne across a core length of 1.93 m

(0.01 oz/ton across 6.3') in Hole 05-07, to a spectacular high of 1,078.79 gAu/tonne across a core length of 0.19 m (31.46 oz/ton across 0.6') in Hole OS-11. Two other holes, 05-09 and OS-10, also returned high values of 212.52 gAu/tonne across 0.39 m (6.20 oz/ton across 1.3') and 127.02 gAu/tonne across 0.79 m (3.70 oz/ton across 2.6'), respectively.

Two holes, numbered 05-05 and 05-06, were drilled into magnetic anomalies to determine the cause of their anomalous magnetism. Hole 05-05 was drilled into Magnetic Anomaly A, and OS-06 into Magnetic Anomaly B. Both holes intersected magnetite-bearing syenite, which adequately explains their anomalous readings. Standard industry practices were followed throughout the diamond-drilling programme.

TABLE I - DIAMOND DRILL HOLE SUMMARY

Hole #	Coordinates Line Station	Dip (deg)	Azimuth (deg)	Depth (m)	Major Rock Units	From (m)	To (m)	Length (m) (ft)		Gold Content (g/Tonne) (oz/ton)	
Instant Pond Gold Zone											
05-01	20+06E 14+81N	50	352	180.0	Basalts, Syenite	78.00	79.68	1.68	5.5	1.275	0.04
05-02	20+57E 15+16N	45	348	120.0	Basalts	31.22	32.22	1.00	3.3	1.94	0.06
						54.67	54.95	0.28	0.9	1.36	0.04
						57.46	58.13	0.67	2.2	3.39	0.10
						65.63	66.18	0.55	1.8	0.10	0.003
						66.18	66.43	0.25	0.8	65.72	1.92
						or 66.18	66.43	0.25	0.8	61.89*	1.81*
						66.43	67.32	0.89	2.9	0.29	0.01
						or 65.63	67.32	1.69	5.5	9.91	0.29
						or 65.63	67.32	1.69	5.5	9.34*	0.27*
05-03	21+64E 14+92N	45	348	104.9	Basalts	79.39	80.00	0.61	2.0	2.21	0.06
						80.00	80.69	0.69	2.3	1.32	0.04
						or 79.39	80.69	1.30	4.3	1.74	0.05
						80.69	81.80	1.11	3.6	0.04	0.001
						81.80	83.23	1.43	4.7	0.03	0.001
						83.23	84.00	0.77	2.5	3.41	0.10
						or 79.39	84.00	4.61	15.1	1.08	0.03
05-03	21+64E 14+92N	45	348	104.9	Basalts	22.22	22.43	0.21	0.7	2.82	0.08
						or 22.22	22.43	0.21	0.7	1.71*	0.05*
						37.34	38.00	0.66	2.2	0.74	0.02
						54.28	54.59	0.31	1.0	0.78	0.02
						63.00	63.68	0.68	2.2	0.76	0.02
05-04	20+32E 14+83N	45	348	180.0	Basalts	156.89	158.37	1.48	4.9	0.05	0.001
						158.37	158.73	0.36	1.2	26.315	0.76
						or 156.89	158.73	1.84	6.0	5.19	0.15
Magnetic Anomaly A											
05-05	17+21E 21+15N	45	304	23.0	Syenite						
Magnetic Anomaly B											
05-06	28+09E 20+75N	45	144	25.7	Syenite						
South Gold Zone											
05-07	19+49E 12+60N	45	348	260.0	Basalts	97.42	97.62	0.20	0.7	0.41	0.01
						150.00	150.87	0.87	2.9	0.43*	0.01*
						150.87	151.93	1.06	3.5	0.34*	0.01
						or 150.00	151.93	1.93	6.3	0.38*	0.01*
05-08	19+49E 12+60N	54	348	290.0	Basalts, Syenite, Diabase Dyke	146.00	146.74	0.74	2.4	0.83	0.02
						146.74	147.36	0.62	2.0	0.14	0.004
						or 146.00	147.36	1.36	4.5	0.51	0.02
						158.52	159.40	0.88	2.9	0.25	0.01
						174.25	174.95	0.70	2.3	3.24	0.09
						180.55	182.09	1.54	5.1	0.38	0.01
05-09	19+29E 13+19N	50	348	200.0	Basalts, Syenite	65.12	65.62	0.50	1.6	1.37	0.04
						73.37	74.35	0.98	3.2	0.80	0.02
						80.00	81.14	1.14	3.7	0.78	0.02
						81.14	81.53	0.39	1.3	212.52	6.20
						81.53	83.00	1.47	4.8	1.495	0.04
						or 80.00	83.00	3.00	9.8	28.66	0.84
						or 80.00	83.00	3.00	9.8	22.78*	0.66*
						83.00	84.18	1.18	3.9	(0)	(0)
						84.18	84.50	0.32	1.0	0.11	0.003
						84.50	86.45	1.95	6.4	(0)	(0)
						86.45	86.93	0.48	1.6	2.85	0.08
						or 80.00	86.93	6.93	22.7	12.61	0.37
						or 80.00	86.93	6.93	22.7	10.51*	0.31*
						104.84	105.23	0.39	1.3	0.84	0.02
						108.89	109.16	0.27	0.9	2.195	0.06
						118.64	120.14	1.50	4.9	2.33	0.07
						127.63	128.44	0.81	2.7	0.55	0.02
						128.44	130.53	2.09	6.9	0.55	0.02
						130.53	131.07	0.54	1.8	0.46	0.01
						or 127.63	131.07	3.44	11.3	0.54	0.02
05-10	19+16E 13+41N	45	348	180.0	Basalts	47.58	48.11	0.53	1.7	1.04	0.03
						93.78	94.42	0.64	2.1	0.99	0.03
						98.92	99.41	0.49	1.6	2.23	0.07
						121.52	122.31	0.79	2.6	127.02	3.70
						122.31	122.70	0.39	1.3	1.27	0.04
						122.70	123.64	0.94	3.1	0.47	0.01
						or 121.52	123.64	2.12	7.0	47.77	1.39
05-11	19+65E 13+33N	45	348	151.0	Basalts	93.92	94.41	0.49	1.6	92.90	2.71
						94.41	95.00	0.59	1.9	1.65	0.05
						95.00	96.47	1.47	4.8	2.23	0.07
						96.47	97.30	0.83	2.7	2.47	0.07
						97.30	97.68	0.38	1.2	6.56	0.19
						97.68	98.73	1.05	3.4	3.26	0.10
						98.73	99.63	0.90	3.0	2.725	0.08
						99.63	100.37	0.74	2.4	0.04	0.001
						100.37	101.66	1.29	4.2	0.76	0.02
						101.66	102.06	0.40	1.3	52.30	1.525
						or 101.66	102.06	0.40	1.3	51.81*	1.51*
						102.06	102.25	0.19	0.6	1,078.97	31.47
						or 102.06	102.25	0.19	0.6	986.75	28.78
						102.25	102.68	0.43	1.4	10.52	0.31
						or 93.92	102.68	8.76	28.8	33.29	0.97
						or 93.92	102.68	8.76	28.8	31.27*	0.91*

Note: * - Metallic Assay with the coarse gold (+100 mesh fraction) removed
 (0) - Assigned a value of 0 (Not assayed)

Core Handling Procedure

The site geologist visited each drill hole site as the holes were being drilled, to examine and field-log the core. Core boxes were sealed by the geologist and/or the drill crew, and transported by the drill crew to a secure facility in Larder Lake. From there they were transported by the geologist to a secure facility in Kirkland Lake, where the core was logged in detail, split, sampled, tagged, and bagged. The geologist then personally delivered the core samples to an accredited commercial assay laboratory in Swastika for analyses. Following completion of detailed logging and sampling, the remaining cores were permanently labeled, then stored in a fenced area on the Kerr Addison Mine property in Virginiatown.

Sampling Method and Approach

Core samples were taken at specific intervals designated by the geologist as he logged the core. The sample intervals were determined by the observed geological nature of the section, primarily the type and extent of sulphide mineralization, type and degree of alteration, degree of shearing, presence of fuschite, tourmaline and other minerals commonly associated with gold, and of course, the presence of gold itself. Coarse gold (VG) was identified in 3 of the 5 holes drilled into the South Gold Zone, and in 1 of the 4 holes drilled into the Instant Pond Gold Zone. Whenever coarse gold, or the possibility of it was noted in a sample, the laboratory was instructed to perform a metallic assay.

Sample Preparation, Analyses, and Security

The core samples were split by hand, by either the site geologist or a helper under his direct supervision. Each session of core splitting was preceded by cleaning of the core splitter. After a core section was split, one half of the split section was put into a new, clean sample bag and tagged. The corresponding other half of the core was returned to its original position in the core tray. After each sample section was split, the core splitter was brushed clean of rock dust, and this was added to that particular sample. The sample was then tagged, bagged, and the bag sealed. After each core-splitting session, the samples were

delivered personally by the geologist to the assay laboratory. Upon arrival at the assay laboratory, each core sample was dried, crushed in a jaw crusher, then ground to 6-mesh size using

Sturtevant rolls. The rolls were then cleaned using a wire brush and a blast of compressed air. Using a Jones riffle, a 400 g sub-sample was taken, and the reject portion was logged, identified, and stored. The sub-sample was reduced to -150 mesh size in a Braun pulverizer, and thoroughly blended. A 1 assay ton portion (29.166 g) was taken for fire assaying. This portion was fused using a flux mixture of litharge (PbO₂), sodium carbonate, borax, silica, and fluorspar, with further oxidants (nitre) or reductants (flour) added as required. The relative concentrations of the fluxing materials were adjusted to suit the particular sample. An aliquot of silver was added to collect the gold, and the resultant lead button containing the gold and silver was reduced and absorbed in a cupellation furnace. The precious metals collected in the silver aliquot were then analyzed by either geochemical or gravimetric method, whichever was requested. The geochemical method involved dissolution and determination by atomic absorption spectrometry. The gravimetric method involved removal of the silver by dissolving in nitric acid, and weighing of the resultant gold using a microbalance. The gold concentration of the sample was then calculated by the weight differential. Whenever geochemical beads were visually estimated to contain 1,500 or more ppb Au, they were retrieved and weighed, providing an optimal degree of accuracy. Metallic assaying is a technique developed to overcome sampling difficulties caused by the presence of coarse gold particles, which do not pulverize well because of their high malleability. The technique involves pulverizing the sample if possible, then screening through a 100-mesh sieve. The -100 mesh fraction is weighed, homogenized, and assayed in duplicate using 1 assay ton portions. A 20-gram portion of the +100 mesh fraction is entirely fused, and the fire assay technique is followed to determine its gold content. The correction resulting from gold found in the metallic portion is incorporated in the final calculated result, and reported together with the weight and grade of both fractions.

Data Verification

Quality control measures were employed to assure accurate results. Experienced personnel were employed, and all work was

performed to industry standards comparable to Best Practices Guidelines. Assay results were verified by running check analyses periodically on duplicate samples, and by systematically assaying Canmet blanks and standards with each batch of samples. Of the 446 samples assayed for gold, 60 of them, or about 13%, were check-assayed, and 10 blanks and 10 standards were assayed with them to verify results.

Interpretation and Conclusions

The results of previous work, particularly the basal till sampling performed by McGarry Gold, and the diamond drilling undertaken by Transpacific, demonstrate the potential for both gold and diamond deposits on the property. Goldstake's 2005 exploration programme further established both these potentials. Four holes drilled into the Instant Pond Gold Zone, and 5 into the South Gold Zone confirm the presence of gold mineralization. Although mineralization in the 2 zones is continuous, the distribution of gold within them appears to be confined to narrow, en echelon lenses. Despite their narrow widths, some of the gold-bearing lenses returned grades of potential economic interest.

A central portion of the South Gold Zone was found to contain coarse, easily-recognized gold mineralization which, when sampled, returned spectacularly high values of up to 212.52 and 1,078.97 gAu/tonne across narrow widths. Such high values are commonly referred to as the 'nugget effect' of coarse gold present in the sample, and they skew the actual gold content of the sample by elevating it. To alleviate this, a total metallic gold analysis was performed whenever coarse gold was observed or suspected in a sample. Two sets of assay results are shown in Table I, the Summary of Drill Hole Results. The main set of results shows the total gold content of the core sample. The other set, denoted by an asterisk, shows the quantity of gold remaining in the sample after allowance is made for the coarse portion (+100 mesh) by metallic assaying. The high gold values that remain suggest that a high grade central core of gold mineralization may be present in the South Gold Zone. This may also be true for the Instant Pond Zone, however further work must be done on it to demonstrate whether this is so. Further work is also needed to determine the extent of the up-plunge and down-plunge projections of the high grade core.

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Mineralization in both the Instant Pond and South Gold Zones occurs at the junction of cross-cutting shearing with the West Splay Fault, strongly suggesting a structural control to the emplacement of the gold. The shearing appears to trend in a general E-W direction, while the Splay Fault strikes in a NE-SW direction. The fault is far more pronounced structurally than the shearing, and therefore it may have played a greater role in localizing mineralized solutions. If so, elsewhere along this fault would be a prime prospective area to explore for other possible mineralized zones.

The West Splay Fault is one of three splay faults known on the property. All 3 are splays off the Ivan Larder Fault, a major E-W fault that traverses the entire southern portion of the property.

The position of the Ivan Larder Fault is marked by the Ontario Northland Railway line, which was built following along its flat topographic expression.

The other 2 splay faults are termed the Central Splay Fault and the East Splay Fault. All 3 splays are roughly parallel, and spaced at about 500 meter intervals. Because the mineralization appears to be structurally controlled, further exploration is warranted elsewhere along all 3 splay faults, along the Ivan Larder Fault, and especially in the junction areas of the 3 splay faults with the Ivan Larder Fault.

The Instant Pond Gold Zone and the South Gold Zone were both discovered by drilling weak IP anomalies. Therefore, further IP surveying over selected portions of the faults may be a useful tool in defining drill targets.

Goldstake's 2005 Exploration Programme also investigated the diamond potential of the property. Two oval aeromagnetic anomalies, A and B, were profiled by ground surveys. Anomaly A is the stronger of the 2, with an intensity of about 1,700 nT above background, compared to Anomaly B's 800 nT. Drilling of both anomalies determined their causes to be magnetite-bearing syenite.

Several smaller circular/oval magnetic anomalies remain untested. All of them are situated immediately up-ice from the area where micro diamonds, kimberlite, and indicator minerals were recovered from basal till samples.

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Recommendations

Further exploration work is warranted on the McGarry Twp. property of Goldstake Explorations Inc. to better evaluate both the gold and the diamond potential of the ground.

The gold exploration should be concentrated on the 2 known zones of mineralization, Instant Pond and South Zone, concentrating on the high grade core of the South Zone. Stripping of the overburden cover in the area where the high grade core projects to surface should be undertaken, followed by detailed geological mapping and sampling. Deeper holes should be drilled under the core to determine its down-plunge extent.

In the Instant Pond Zone, the area of the junction of the E-6V shearing with the West Splay Fault should be investigated by overburden stripping and by deeper drilling to determine whether it too may contain a high grade core.

The entire strike length of all 3 splay faults, plus that of the Ivan Larder Fault should be explored by drilling for other

possible concentrations of mineralization. Efforts should be directed initially to the junction areas of the splay faults with the Ivan Larder Fault, and also to the junction areas of the Instant Pond and South Zone shearing with the Central and East Splay Faults. All of these faults are major structural breaks that extend for several kilometers. IP surveying has already been demonstrated as capable of detecting the mineralization, therefore it would be a cost-effective way of locating target areas along the faults. A suitable grid would have to be cut to facilitate the IP survey.

Previous work located several showings of gold mineralization, quartz veins, and/or fuschite carbonate alteration, as well as floats containing gold and fuschite in the southern half of the Mining Lease. The areas around these showings and the areas immediately up-ice of the floats should be prospected and evaluated by sampling.

The recommended exploration for diamonds should be confined to locating, evaluating, and explaining the cluster of small circular/oval magnetic anomalies situated immediately up-ice from the site of the 3 micro diamonds, kimberlite, and indicator minerals previously found in basal till. To facilitate this, a grid should be cut over the cluster area, and detailed magnetic surveys conducted. Overburden stripping and/or diamond drilling would then be undertaken to determine the cause of the anomalous magnetism.

A 2-phase exploration programme is recommended. Phase I would consist of improving the access road, line cutting, prospecting,

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IP geophysical surveying, overburden stripping, rock trenching, geological mapping, sampling, diamond drilling, and assaying. Cost is estimated at \$500,000, with completion approximately 6 months after start-up. The recommended Phase I exploration programme is shown in Table II. The area where work is recommended is outlined on Figure II.

Phase II of the recommended exploration programme would consist primarily of diamond drilling, although some overburden stripping and rock trenching would also be undertaken where conditions permit. The Phase II exploration programme is shown in Table III.

May 12, 2005

Signed by and Sealed

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TABLE II - PHASE I OF RECOMMENDED EXPLORATION PROGRAMME

Transportation		
Access Road and Bridge Upgrading		\$ 20,000.
ATV		10,000.
Line cutting		
80 kms @ \$450. /km		36,000.
Prospecting		
8 days @ \$500. /day		4,000.
Geophysical Surveys		
IP - 80 days @ \$1,300. /day		104,000.
Mag - 4 days @ \$500./day		2,000.
Overburden Stripping		
Excavator/Dozer - 200 hours @ \$100. /hr		20,000.
Mob and Demob		1,000.
Hydraulic Cleaning - 5 days @ \$400./day		2,000.
Rock Trenching		
2-man crew - 5 days @ \$800. /day		4,000.
Geological Mapping		
4 days @ \$500. /day		2,000.
Sampling		

6 days @ \$500. /day	3,000.
Diamond Drilling 2,750 meters @ \$80. /meter	220,000.
Assaying 1,000 samples @ \$20. /sample	20,000.
Geological Supervision 44 days @ \$500. /day	22,000.
Consulting and Reporting 50 days @ \$ 600. /day	30,000.
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Total	\$ 500,000.

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TABLE III - PHASE II OF RECOMMENDED EXPLORATION PROGRAMME

Overburden Stripping Excavator/Dozer - 220 hours @ \$100. /hr	\$ 22,000.
Mob and Demob	1,000.
Hydraulic Cleaning - 10 days @ \$400. /day	4,000.
Rock Trenching 2-man crew - 10 days @ \$800./day	8,000.
Geological Mapping 4 days @ \$500./day	2,000.
Diamond Drilling 10,000 meters @ \$80./meter	800,000.
Assaying 4,000 samples @ \$20./sample	80,000.
Geological Supervision 6 months @ \$10,000./month	60,000.
Consulting and Reporting 40 days @ \$600./day	24,000.
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Total	\$ 1,000,000.