

MAR 20000006: WESTERN

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20000006

MAR 24 2000

ELLS RIVER RESOURCES INC.
17424 - 106A Avenue, Edmonton, Alberta T5S 1E6
Telephone: 780-484-3842, Fax: 780-486-0039

March 23, 2000

File No: WBLKASSRET

Alberta Resource Development
Minerals Operations
2nd. Floor, 9945 - 108th Street
Edmonton, Alberta
T5K 2G6

Attention: Hazel Henson - Administrative Officer

Re: Metallic & Industrial Permit No(s): 9393110069 and 93933110070

With reference to your letter of February 29, 2000 on the above subject items,
please find attached the following:

1. two (2) only: copies of our assessment report for the lands held under
the above permits.

If you have any questions or concerns relative to the report, please contact either
Raymond Caron or Maurice Keylor at your convenience.

Kindest regards,

Ells River Resources Inc.



M.P.(Maurice) Keylor

President

MAR 24 2000

ASSESSMENT REPORT
FOR
METALLIC AND INDUSTRIAL MINERALS PERMITS

9393110069
9393110070
9393110071

HELD BY
ELLS RIVER RESOURCES INC.

Submitted March 22, 2000

on behalf of

Ells River Resources Inc.

by

Mr. Henry Cieszynski, C.E.O.
Mr. Maurice Keylor, President
Mr. Raymond Caron, Director

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I. SUMMARY

This report is being submitted by Ells River Resources Inc. for assessment work performed on the three (3) Metallic and Industrial Minerals permits as described in Section III. These permits involve a property we have defined as the "Western Block" located in the Fort McMurray/Fort MacKay region of northeastern Alberta

Originally this property was secured as a potential base metal as precious metals play. As a result our initial exploration program was developed to prove up this potential and consisted of:

- a) information gathering - researching published reports, examination of maps, et cetera;
- b) area reconnaissance - mapping, examination of terrain, et cetera;
- c) assessing permits area - cutting access routes onto permitted lands;
- d) sample collection - outcrops, stream sediments, et cetera;
- e) sample analysis - panning, detailed microscopic work, assaying, consultant input;
- f) documentation.

While in the field, rock samples and panned concentrates were collected. Rock samples from the area were assayed by certified Canadian laboratories for gold and other minerals. In addition, multi-element analysis was done on several of the samples. The panned concentrates were visually examined with the aid of a microscope to detect sulphides, gold, other heavy minerals, and diamond indicator minerals. From this detailed examination selected concentrates were sent to assay laboratories for further analysis.

In 1997, our focus for the property changed as a result of work being done in the Buffalo Hills area by Ashton in terms of diamond exploration work. We conducted a high-resolution aeromagnetic (HRAM) survey in June, 1997 to locate kimberlite or other geophysical anomalies. Based on the analysis of the HRAM data, additional samples were collected for further analysis in the fall of 1998.

The results of our activities during the past two (2) years have not yielded the results we had hoped. Sample results near our area seem to indicate that though there are extensive sulphides in the shales, the mineralization is of sub-economic value. We were encouraged to find a diamond indicator but realize that one indicator is not sufficient to warrant an expanded exploration program. Therefore, certain portions of the permitted area, as detailed in Appendix C, will be surrendered back to the Crown.

Ells River Resources Inc. will continue to explore the remainder of the Western Block in order to carry out further analytical work for base metals, precious metals, and diamonds.

II. INTRODUCTION

There have been reports of gold and other precious metals being found in Alberta for over one hundred (100) years. These finds tended to be small in comparison to the more promising discoveries in British Columbia and the Yukon. Consequently activity was centered in those areas drawing attention away from Alberta's potential. In addition, oil and gas finds, and the vast tar sands in northeastern Alberta overshadowed and exceeded any known metallic mineral potential.

In the 1990s Alberta's potential for producing gold and other precious metals was re-discovered. Individuals and companies began submitting applications to the Government of Alberta for permits to explore for metallic and industrial minerals throughout the province.

Mr. Henry Cieszynski, a financial analyst and prospector from Toronto, Ontario, began to investigate certain regions of northeastern Alberta with the intent of securing metallic and mineral permits. Eventually he secured several permits in this region thus allowing him to explore the Cretaceous and Devonian stratigraphy, on the properties, for economic mineral deposits. Cretaceous rocks present in the Western Block include the Clearwater, Grand Rapids, Shaftesbury, Dunvegan, and LaBiche Formations as well as the Smoky Group.

Shortly after receiving the permits, Mr. Cieszynski formed a partnership with Mr. Maurice Keylor, an Edmonton businessman. The mandate of the partnership was to explore the newly acquired properties and identify regions with anomalous metal concentrations for more detailed follow-up work. This work has included prospecting, examining heavy mineral concentrates, geochemical analysis on both rock and stream sediments, and basic research.

On December 9, 1994, Ells River Resources Inc. (formerly 635216 Alberta Ltd.) was incorporated pursuant to the Business Corporations Act (Alberta). The company named Mr. Cieszynski as Chief Executive Officer and Mr. Keylor as President. On July 7, 1995 the permits held by Mr. Cieszynski were transferred to Ells River Resources Inc. with Memorandums of Registration completed August 9, 1995.

Since its formation, Ells River Resources has actively continued its exploration program to locate anomalous metal and kimberlite concentrations.

This report is being submitted by Ells River Resources Inc. for assessment work related to three (3) mineral permits described in Section III. For assessment purposes, the work completed is for the period November 29, 1997 to November 29, 1999.

III. PERMIT TABULATION

The properties held by Ells River Resources Inc. are covered by three (3) Metallic and Industrial Minerals permits. The properties are located in an area, which we have defined as the "Western Block" (Appendix A, Figure 2). A tabulation of the permits follows:

<u>Location</u>	<u>Permit #</u>	<u>Date Issued</u>	<u>Legal Description</u>	<u>Area (Ha)</u>
Western	9393110069	Nov 29/93	Sec 1-12, 15-22, 26-34 Twn 95-Ran 13-W4	7,424
Western	9393110070	Nov 29/93	Sec 3-10, 15-36 Twn 96-Ran 13-W4	7,680
Western	9393110071	Nov 23/93	Sec 1-36 Twn 97-Ran 13-W 4	9,216

IV. PROPERTY

This section will describe the location, physiography, access, general work completed, and an overall conclusion for the Western Block.

A. WESTERN BLOCK

1. Location

The Western Block is situated in northeastern Alberta centered near 57 degrees 20' N latitude and 112 degrees 00' W longitude. It is located eighty kilometers northwest from the city of Fort McMurray, consisting of approximately Twenty-four Thousand Three Hundred Twenty (24,320) hectares within Townships 95, 96, and 97 in Range 13.

2. Physiography

The permits are situated on the eastern flank of the Birch Mountains. The southern two thirds of the property are fairly flat and dominated by areas of muskeg. In the northern part of the permits, the Birch Mountains rise to the northwest, providing more relief where mixed deciduous and coniferous forest is prevalent. Elevation ranges from three hundred forty (340) meters in the southeast, along the Ells River, up to seven hundred sixty (760) meters in the northwest corner of the property.

Three (3) streams and several of their tributaries flow across the permits. The largest of these is the Ells River, which cuts the southeast corner of the permits and flows to the east. The other two (2) streams are the Joslyn Creek and Tar River, which generally run southeast through the property. The streams are sources in the Birch Mountains and drain into the Athabasca River, which is located approximately eighteen (18) kilometers to the east of the permits. The Tar and Ells Rivers have distinct valleys where Cretaceous rocks outcrop.

3. Access

The property can be accessed by either helicopter or all-terrain vehicles (eg. Quads, snowmobiles, etc.). In the winter of 1997, there was clear cutting and logging activity on the extreme northern boundary of permit # 9393110071. This opened up a portion of this area for winter access by 4x4 vehicles.

A helicopter can be used to access several landing sites. It takes approximately twenty-five (25) minutes to fly from Fort McMurray .

Access to the southeast corner of the property is gained by driving fifty-two (52) kilometers from Fort McMurray to Fort MacKay on paved highway No. 63. Off road vehicles are then used on cut lines, seismic lines, quad trails, trapper trails, et cetera that lead from Fort MacKay to the permits, approximately twenty-three (23) kilometers to the west.

4. Work Completed

In 1998 and 1999 our plan for the Western Block split in two directions. Firstly we needed to continue our evaluation of the diamond potential subsequent to the high-resolution aeromagnetic (HRAM) survey conducted in June, 1997. Secondly, due to the proximity of other companies in the area, we closely monitored their activities regarding base and precious metals hosted in sulphides in the shales in the northern area of the permits.

The HRAM survey identified a number of potential diamond targets across the permitted area. Apex Geoscience, a consulting firm we have used on several occasions, identified five of the most promising targets for further examination. Hence in the fall of 1998 a ground sampling program was conducted led by Mr. Mike Dufresne of Apex Geoscience. A portion of the samples collected were then sent to Monopros Ltd., experts in the diamond field, for their evaluation. Monopros treated nineteen (19) samples at their facility in Grande Prairie where the heavy mineral concentrates obtained. These were then sent to Toronto to be examined at their mineralogical unit. Any suspected kimberlite indicator minerals were extracted and analyzed by electron microscope the De Beers Geoscience facility in Johannesburg, South Africa.

We had concentrated our efforts on the potential for kimberlites in 1998 thus any exploration with regard to sulphides had been curtailed. As Tintina Mines, which holds the lands adjacent to our northern boundary was doing considerable testing into 1999 we chose to monitor their activities and await their results. By mid-1999 it became evident that though Tintina's samples proved the existence of sulphides in the shales, they have not been of sufficient grade to expand our activities.

5. Conclusion

The results of Monopros examination of the nineteen (19) samples were fairly conclusive. Of the nineteen (19) samples only one (1) was found to contain a kimberlitic mineral (see Appendix D). We recognize that diamond exploration is very costly, particularly in such a remote area, and has considerable inherent risk since only few finds ever result in economic mining.

With regard to mineralization within the sulphides we must note that the results of sampling in the area around our property has not yielded sufficient results to allow us to be very optimistic. However, there are certain areas on our property which need to be examined more closely.

Hence, we have decided to curtail operations over a significant portion of the lands currently held in order to concentrate our efforts over a smaller region.

V. BIBLIOGRAPHY

Green, R., et al. (1970): Bedrock Geology of Northern Alberta; Research Council of Alberta; east half, 1:500 000 scale map.

Rhine, J. L., and Smith D. G. (1980): The late Pleistocene Athabasca braid delta of northeastern Alberta, Canada; a Paraglacial drainage system affected by aeolian sand supply.

in: Fan deltas: Sedimentary and tectonic settings, eds.

W. Nemecek and R. J. Steele, Blackie and Son. P 158-169

APPENDIX A
LOCATION MAP OF PERMITS

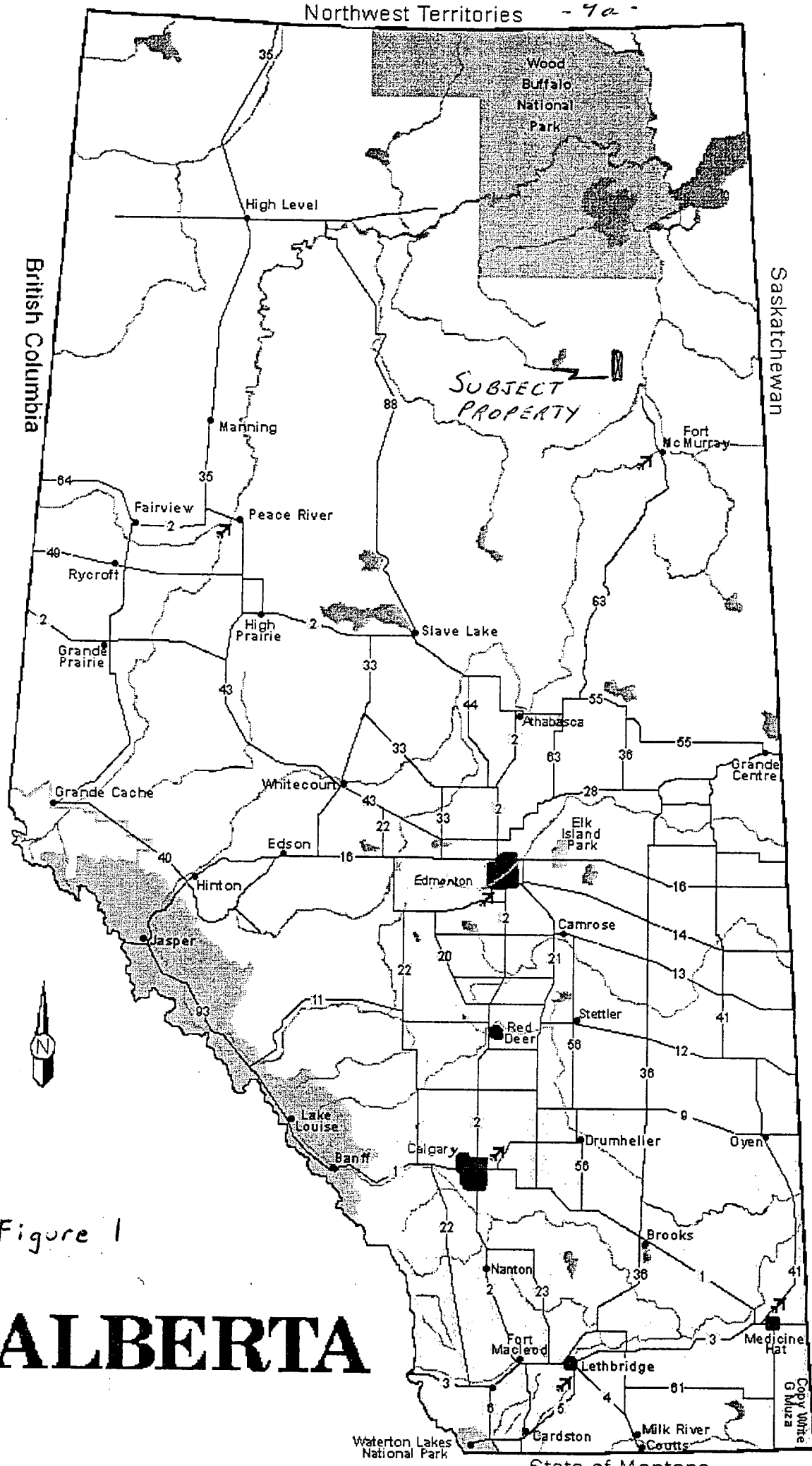


Figure 1

ALBERTA

Copy Write
G. Blaza

90000000

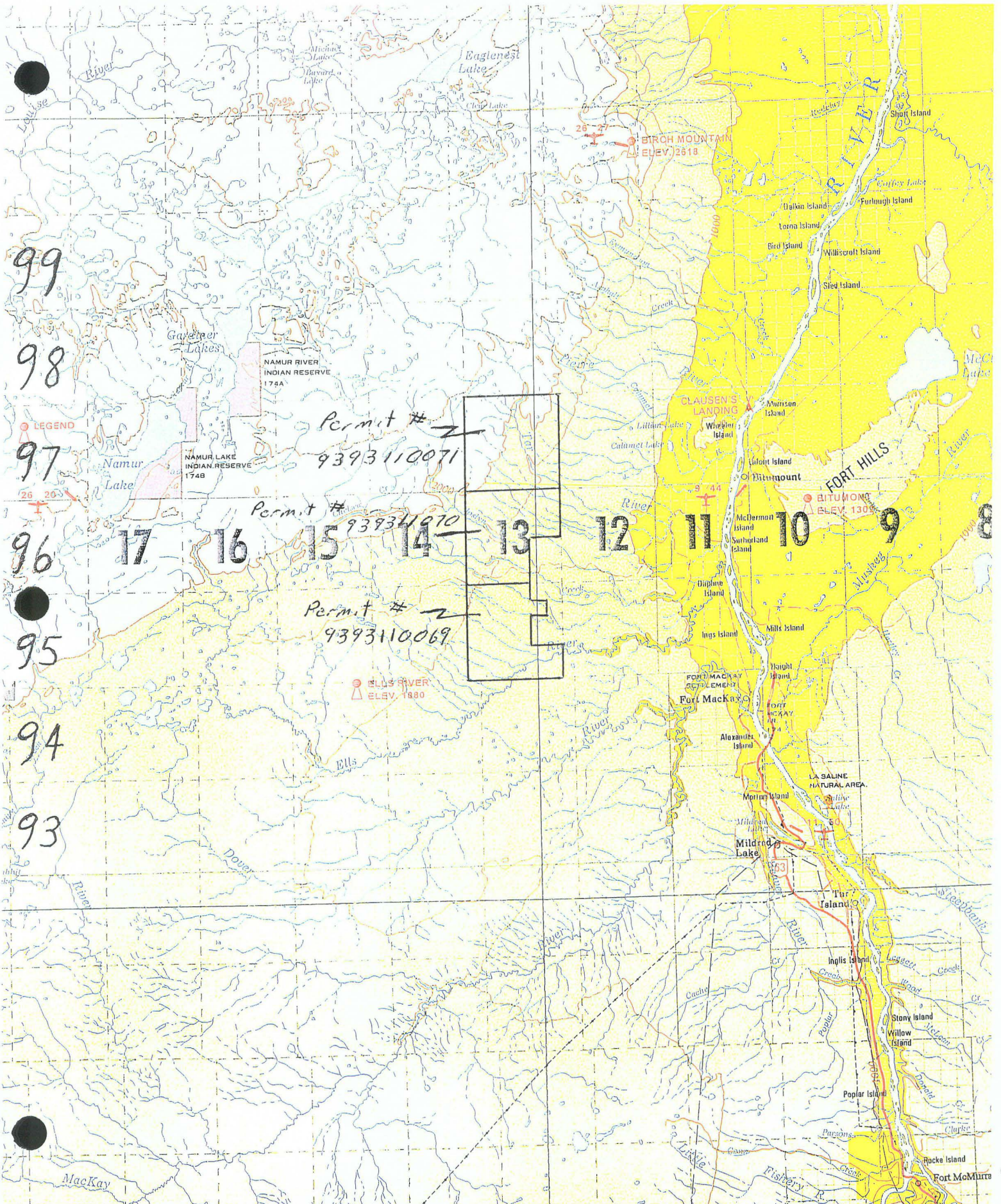
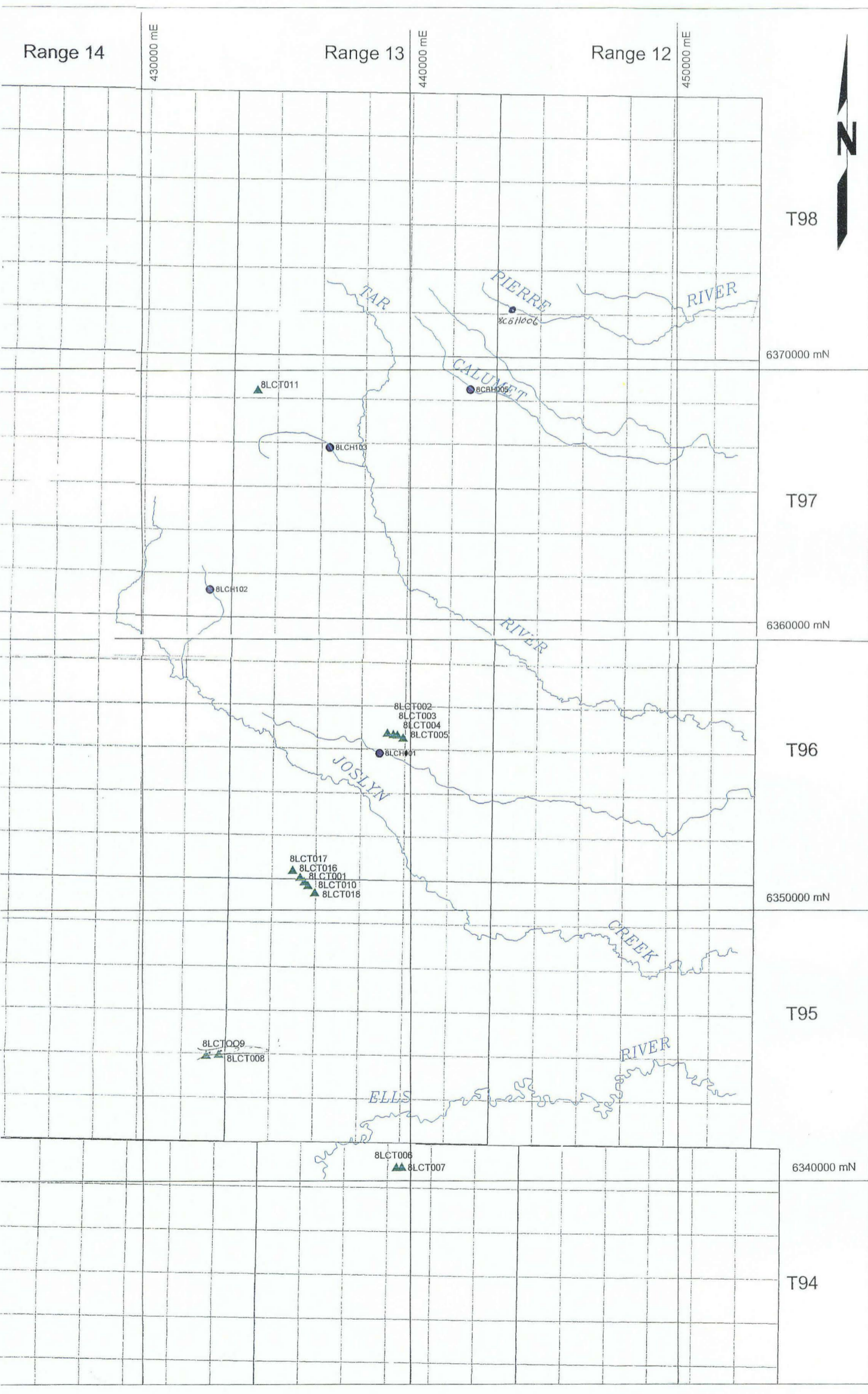


Figure 2
Permit Location

Scale 1:500000



LEGEND

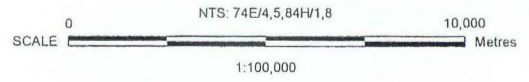
- 8LCH001 heavy mineral concentrate sample
- ▲ 8LCT001 till sample



ELLS RIVER RESOURCES LTD.

Northeast Alberta

SAMPLE LOCATIONS



APEX Geoscience Ltd.

EDMONTON, ALBERTA

February, 2000

26

05/00005

APPENDIX B
AUTHORS' QUALIFICATIONS

I, HENRY CIESZYNSKI, of the City of Toronto, in the Province of Ontario, state the following to be true:

I have received a Bachelor of Commerce degree from the University of Alberta, Edmonton, in 1965,

I have been engaged in mineral exploration for over thirty (30) years.

I hold a Prospector's License, Number A 51688, in the Province of Ontario,

I am the Chief Executive Office of Ells River Resources Inc.,

I am co-author of this Assessment Report.

Dated this the 21st day of February, 2000; in the City of Toronto, in the Province of Ontario.

[Redacted signature]

Witnessed by:

[Redacted signature]

Henry Cieszynski

I, MAURICE KEYLOR, of the City of Edmonton, in the Province of Alberta; state the following to be true:

I have received a Telecommunications Electrician diploma from the Northern Alberta Institute of Technology in 1969,

I have been interested in mineral exploration for over thirty (30) years,

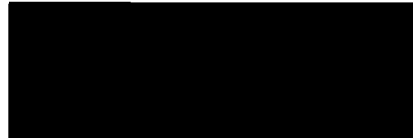
I am the President of Ells River Resources Inc.,

I am the co-author of this Assessment Report.

Dated this the 21st day of February, 2000; in the City of Edmonton, in the Province of Alberta.



Witnessed by:



Maurice Keylor

I, RAYMOND CARON, of the City of Edmonton, in the Province of Alberta; state the following to be true:

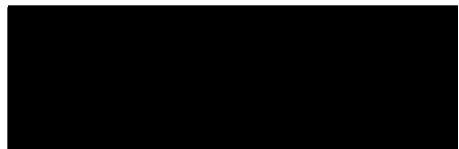
I have received a Bachelor of Commerce degree from the University of Alberta, Edmonton, in 1978,

I have held the position of President of Caron Services Ltd., for two (2) years
And prior to that held the position of Vice-President, Finance for over fifteen (15) years,

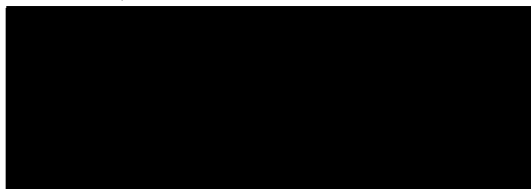
I am a Director of Ells River Resources Inc.,

I am co-author of this Assessment Report.

Dated this the 21st day of February, 2000; in the City of Edmonton, in the Province of Alberta.



Witnessed by:



Raymond Caron

A handwritten signature in ink, appearing to read 'Raymond Caron', written over the printed name and partially overlapping the redacted area.

APPENDIX C
STATEMENT OF EXPENDITURES
and
DECLARATION OF EXPENDITURES

STATEMENT OF EXPENDITURES

A. EXPENDITURES FOR THE PERIOD

Exploration Costs	\$ 27,671.51	
Travel and Accommodation (includes, Lodging, Fuel, and Food)	1,262.93	
Office (includes Professional Fees)	11,345.77	
Equipment	1,006.41	
Salaries and Wages	430.39	
Directors' Soft Costs (Note 1)	25,690.10	
3 rd Party Costs (Note 2)	<u>5,426.50</u>	
TOTAL CLAIM FOR ASSESSMENT PURPOSES		<u>\$ 72,833.61</u>

B. PERMIT # 9393110071

Required to maintain permit (9,216 hectares @ \$10/hectare)		\$ 92,160.00
LESS: Land Area Returned to Crown (3,072 hectares @ \$10/hectare - See Note 3)		30,720.00
LESS: Portion of Carry Forward (Total carry forward \$ 89,748.81)		<u>61,440.00</u>
Balance:		<u>\$ 0.00</u>

C. PERMITS # 9393110069 and 9393110070

Required to maintain permits (15,104 hectares @ \$10/hectare)		\$ 151,040.00
LESS: Land area Returned to Crown (14,080 hectares @ \$10/hectare - See Note 3)		140,800.00
LESS: Portion of Current Claim		<u>10,240.00</u>
Balance		<u>\$ 0.00</u>

D. PERMIT # 9393110071

Carry Forward Remaining (89748.81 - 61,440.00 See Item B above)	\$ 28,308.81
Portion of Current Claim (72833.61-10240[#0069 Current]-11520[#0069Next])	<u>51,073.61</u>
Balance to be applied for the next reporting period, November 29, 1999 to November 29, 2001	<u><u>\$ 79,382.42</u></u>

E. PERMIT #9393110069

Portion of Current Claim to be applied for the next reporting period, November 29, 1999 to November 29, 2001	<u><u>\$ 11,520.00</u></u>
-----------------------------------------------------------------------------------------------------------------	----------------------------

NOTES

a.) Note 1 - Directors' Soft Costs

A considerable amount of time has been expended by the founders and other directors in this project. They have received a total of "zero" remuneration from the corporation. However to accurately reflect the time they have expended in assessment work the following charges have been levied as "soft costs":

a. H. Cieszynski : 131.000 days			
b. M. Keylor : 6.267 days			
c. R. Caron : 47.867 days			\$ 25,690.10

b.) Note 2 - Third Party Work Completed

Detailed examination of nineteen samples of glacial sediment labeled CAN98/124 was carried out by Monopros Ltd. Costs reflect treatment, concentration, mounting, polishing, electron probe analysis, data interpretation, and report preparation.

c.) Note 3 - Lands to be Surrendered

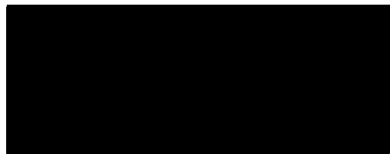
Ells River Resources Inc. will surrender the following properties back to the Crown:

<u>Permit #</u>	<u>Legal Description</u>	<u>Sections</u>
9393110069	Twn 95 - Range 13 - W4	1-6, 9-12, 15, 16, 19-22, 26-34
9393110070	Twn 96 - Range 13 - W4	3-10, 15-36
9393110071	Twn 97 - Range 13 - W 4	2-11, 14, 15

DECLARATION OF EXPENDITURES

I, RAYMOND CARON, of the City of Edmonton, in the Province of Alberta; hereby certify and declare that the financial information contained in the "STATEMENT OF EXPENDITURES" found in Appendix D of this Assessment Report pertaining to the Metallic and Industrial Minerals Permits (9393110069, 9393110070, and 9393110071) held by Ells River Resources Inc., are true and correct to the best of my knowledge. The receipts substantiating these expenses have duly been logged and are available for inspection upon request.

Dated this the 21st day of February, 2000; in the City of Edmonton, in the Province of Alberta.



Witnessed by:



Raymond Caron
Director
Ells River Resources Inc.

APPENDIX D

ASSAYS

1. Monopros

MONOPROS LIMITED MINERALOGICAL UNIT
Mineralogical Report
Visual Results

CONSIGNMENT SUMMARY INFORMATION

Consignment Number:	<u>CAN98/124</u>
Mineralogical Unit Reference Number:	ML 1998-45
Sample Area:	Ells River
Project Number:	9997
Size Fraction:	-1.0 +0.5 mm
Date Received:	10-Nov-98
Number of Samples:	19
Number of Aliquots:	19
Consignment Weight:	114.60 g
Average Weight Per Aliquot:	6.03 g

MINERALOGICAL UNIT RESULTS

Positive Aliquots:	0
Number of Positive Grains:	0
Number of Diamond Grains:	0

Mineral Concentrate Examiner Efficiency Based On 100 % Re-examination: 100 %

Mineral Concentrate Examiner Efficiency Based On 32 % Second Re-examination: 100 %

Grains classified by Surface Texture (Yes/No):	Yes
Grains Grouped For Microprobing (Yes/No):	Yes

MINERAL CLASSIFIER REMARKS:

Background: Plain, few samples slightly metamorphic
No kimberlitic grains recovered

Date/Time Report Generated:	10-Dec-98 / 9:09:53 AM
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CAN98124

CAN98124													
Ells River Number	Size	TFND	DIA	TGA	ROK	OTH	TIL	PM	OTH	TCD	ROS	OTH	TSP
8 LCT 001	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 002	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 003	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 004	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 005	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 006	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 007	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 008	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 009	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 010	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 011	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 016	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 017	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 018	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCH 101	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCH 102	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCH 103	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 CBH 005	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 CBH 006	+0.5 mm	0	0	0	0	0	0	0	0	0	0	0	0
TOT		0	0	0			0			0			0

MONOPROS LIMITED MINERALOGICAL UNIT
Mineralogical Report
Visual Results

CONSIGNMENT SUMMARY INFORMATION

Consignment Number:	<u>CAN98/125</u>
Mineralogical Unit Reference Number:	ML 1998-46
Sample Area:	Ells River
Project Number:	9997
Size Fraction:	-0.5 +0.3 mm
Date Received:	10-Nov-98
Number of Samples:	19
Number of Aliquots:	19
Consignment Weight:	63.70 g
Average Weight Per Aliquot:	3.35 g

MINERALOGICAL UNIT RESULTS

Positive Aliquots: 1

Number of Positive Grains: 1

Number of Diamond Grains: 0

Mineral Concentrate Examiner Efficiency Based On 100 % Re-examination: 100 %

Mineral Concentrate Examiner Efficiency Based On 47 % Second Re-examination: 100 %

Grains classified by Surface Texture (Yes/No): Yes

Grains Grouped For Microprobing (Yes/No): Yes

MINERAL CLASSIFIER REMARKS:

Background: Some samples slightly metamorphic

1 ROK garnet found in sample XZ109298A

No other kimberlitic grains recovered

Date/Time Report Generated: 10-Dec-98 / 9:13:32 AM

CAN98125

CAN98125													
Ells River Number	Size	TFND	DIA	TGA	ROK	OTH	TIL	PM	OTH	TCD	ROS	OTH	TSP
8 LCT 001	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 002	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 003	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 004	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 005	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 006	+0.3 mm	1	0	1	1	0	0	0	0	0	0	0	0
8 LCT 007	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 008	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 009	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 010	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 011	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 016	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 017	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCT 018	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCH 101	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCH 102	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 LCH 103	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 CBH 005	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
8 CBH 006	+0.3 mm	0	0	0	0	0	0	0	0	0	0	0	0
TOT		1	0	1			0			0			0

DECODING LIST FOR VISUAL KIMBERLITIC INDICATOR MINERAL RESULTS

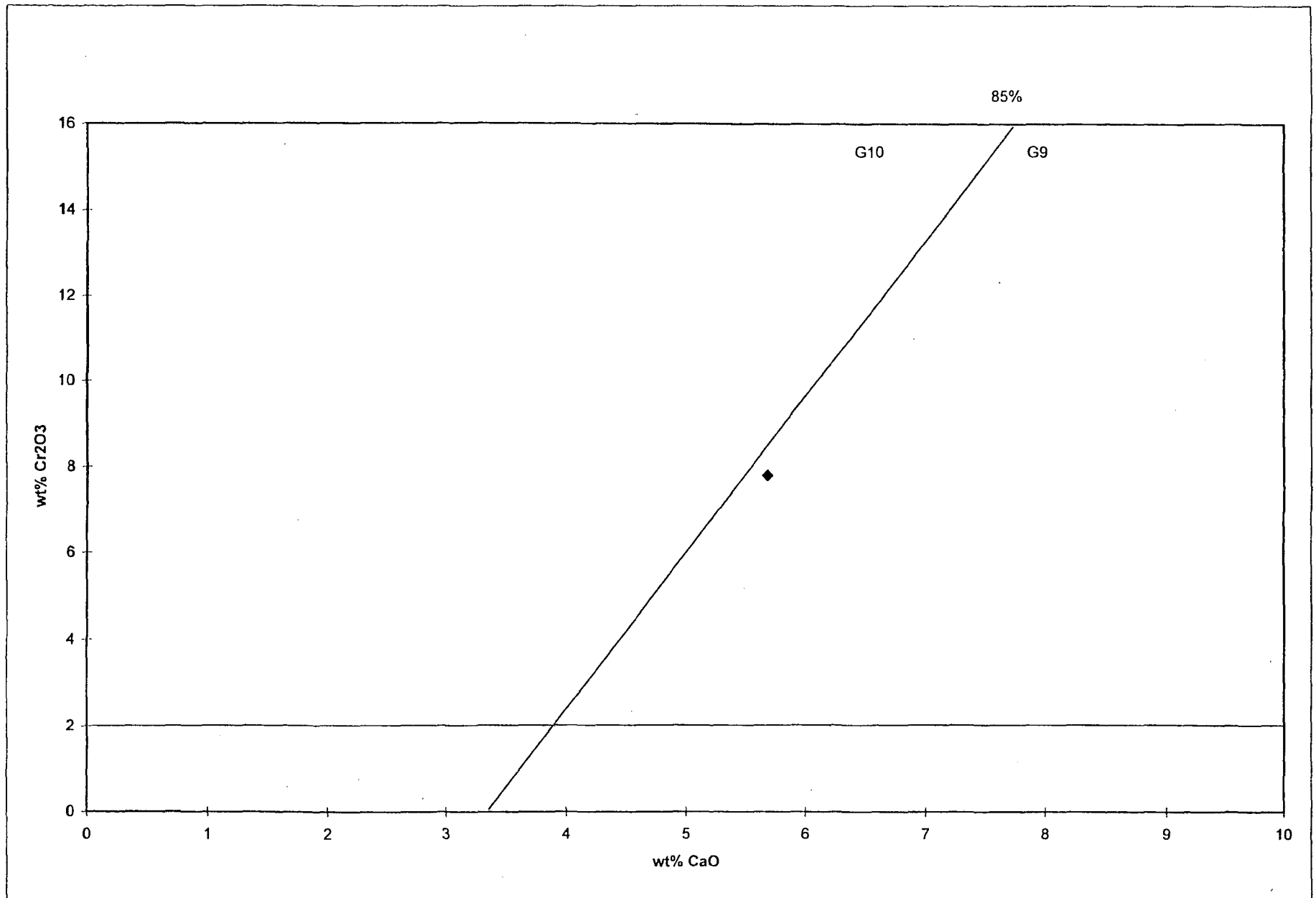
The following paragraphs explain the column headings used in the tables of visual results for kimberlitic indicator minerals. Each line in a table refers to one size fraction of a single sample unless otherwise noted.

Sample Number	This is the sample number used to identify each sample.
Size	Samples are sized during our processing into four size fractions. These are -2.00 +1.0mm; -1.00 + 0.5mm; -0.5 + 0.3mm and -0.3mm. Normally, we do not examine grains smaller than 0.3mm.
TFND	Total number of kimberlitic indicator mineral grains identified visually.
DIA	Number of diamond grains identified.
TGA	Total number of kimberlitic garnet grains identified visually. This total includes peridotitic (both lherzolitic and harzburgitic paragenesis) and eclogitic grains.
ROK	Number of garnet grains with <u>Remnants Of Kelyphite</u> preserved as a crust around the grain.
OTH	Number of other kimberlitic garnet grains identified.
TIL	Total number of ilmenite grains found.
PM	Total number of ilmenite grains with a perovskite mantle.
OTH	total number of other ilmenite grains.
TCD	Total number of clinopyroxene grains identified as being chrome diopside.
ROS	Total number of chrome diopside grains exhibiting <u>Remnants of Original Surface</u> on the chrome diopside grain.
OTH	Total number of other chrome diopside grains.
TSP	Total number of chrome spinel (chromite) grains.

ROK, ROS and PM are referred to as surface texture features. Both are sensitive to transport, and their presence suggests that the grain in question has not travelled far.

Ells River - CAN98125

*ORIGINATOR	SAMPLE	MOUNT	GRN	SIZE	MNO	NA2O	AL2O3	FEO	SIO2	TIO2	CAO	CR2O3	MGO	TOTAL	VI
CAN98/0125	8 LCT 006	1	1	0.5	0.39	0.11	16.75	7.16	42.5	0.47	5.68	7.8	18.87	99.72	Ga



E. APEX GEOSCIENCE LTD.

DATA

January 25, 1999

Mr. Maurice Keylor
Ells River Resources Ltd.
17424 - 106A Avenue
Edmonton, Alberta
T5S 1E6
Fax: (403) 486-0039; 2 Pages

Dear Maurice,

I have now had a chance to review the results provided to you by Monopros Limited. The results are somewhat disappointing but I believe further work is required. Monopros reports the presence of one kimberlitic garnet with a kelpyitic rim at least partially preserved in sample 8LCT006. The kelpyitic rim is a reaction rim that is generated around the garnet due to its instability in a kimberlite or related magma upon ascent to surface. These rims are regarded as quite fragile and are quickly removed during glacial or fluvial transport. In other words, the presence of kelpyitic rims on kimberlitic garnets is usually a strong indication of proximity to a kimberlite source. This single result is of interest and should be followed up as it is from a sample site immediately south of the Ells River near the southernmost boundary of Ells River Resources Ltd.'s (Ells River) permits. The sample was collected from along the estimated southern margin of a good looking high priority 3 nT airborne magnetic anomaly (anomaly 29) that we did not have time to conduct ground geophysics over. The magnetic anomaly did appear to have an associated weak vegetation and topographic expression as well. If the drift thickness is any more than 5 to 10 m in the area, the recovery of only a single kimberlitic garnet could be important and still could indicate a proximal source.

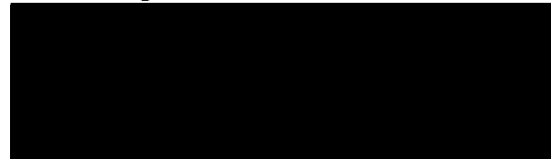
Another consideration is that Monopros has used a sieve size cutoff of 0.3 mm. For all our Alberta exploration we are employing a minimum sieve size cutoff of 0.18 mm. In several cases on other projects, we have recovered no apparent indicator minerals in the material that is greater than 0.25 mm. Upon further examination of the 0.18 mm to 0.25 mm size fraction from the same sample we have recovered significant kimberlitic minerals such as olivine, chromite and picroilmenite that were not apparent in the material greater than 0.25 mm. It is imperative that the less than 0.3 mm size fraction from sample 8LCT006 be rescreened and processed for the 0.18 to 0.3 mm size fraction and that this size fraction be examined for further diamond indicator minerals. Consideration should also be given to screening other samples for the 0.18 mm to 0.3 mm size fractions, particularly in light of the fact that Tintina has also recovered significant diamond indicator minerals from their Asphalt property (see their most recent press release). I recommend obtaining the samples from Monopros and sending them to Cominco Laboratories in Vancouver and then having the samples examined by Maureen Morrison who is doing a significant portion of indicator work

in Alberta and is used for quality control. She conducts much diamond indicator overflow work for Kennecott and Monopros.

It is quite possible that in the next month we may be conducting ground geophysics over several magnetic anomalies about 30 km west of Ells River's property. If such is the case, Ells River should consider having us conduct ground geophysics over magnetic anomaly 29. Once we are in the field the cost to conduct ground geophysics is roughly about \$2,500 to \$3,000 a day depending upon access. We can usually complete a 1 km by 1 km grid and conduct the magnetic survey over it in two days.

I will be around all this week but I probably will be in the field off and on starting next week. Please feel free to call me if you should have any questions concerning these observations and recommendations.

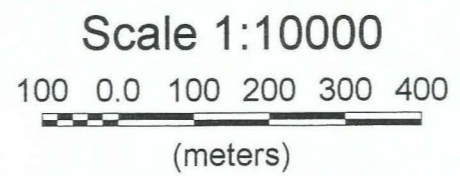
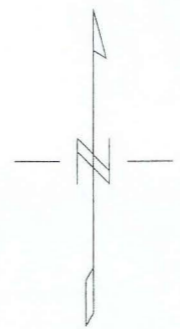
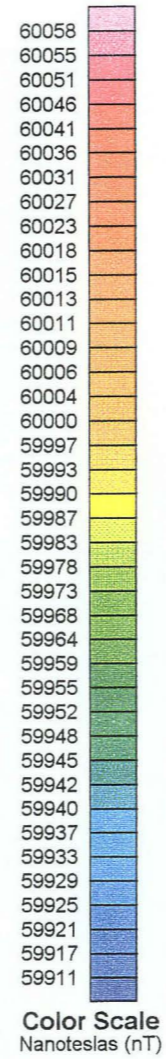
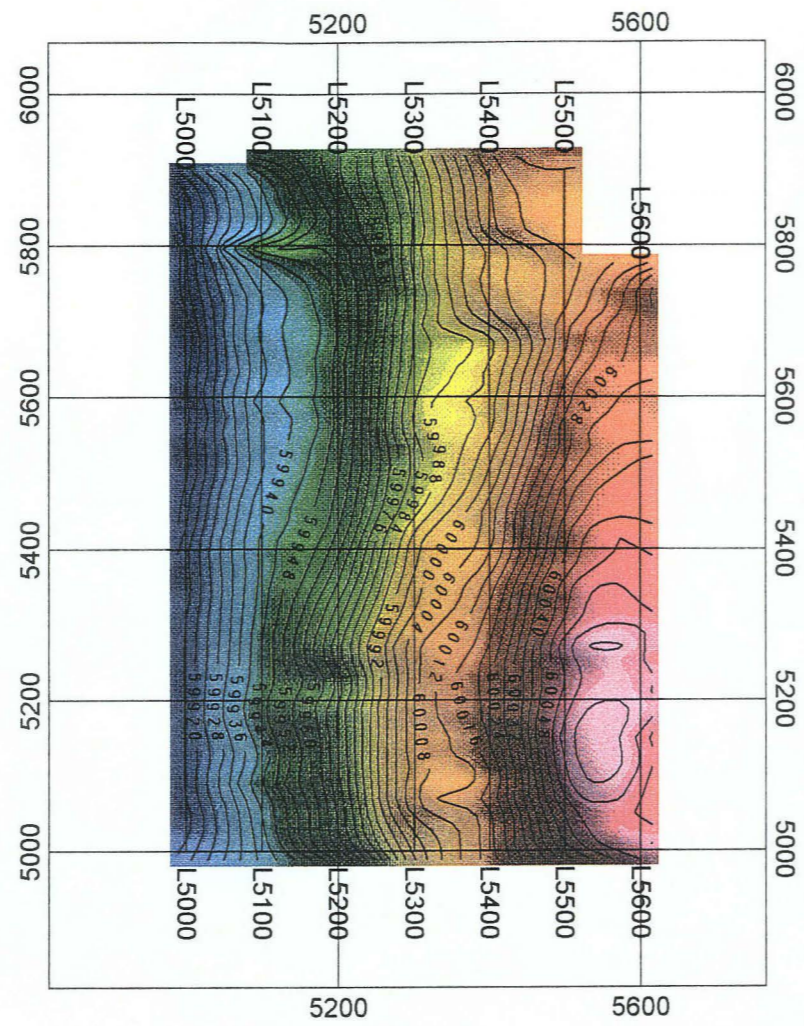
Best regards



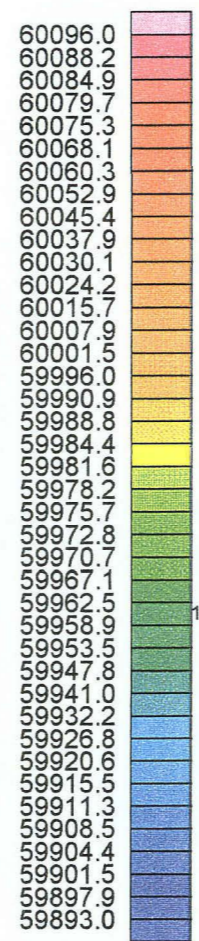
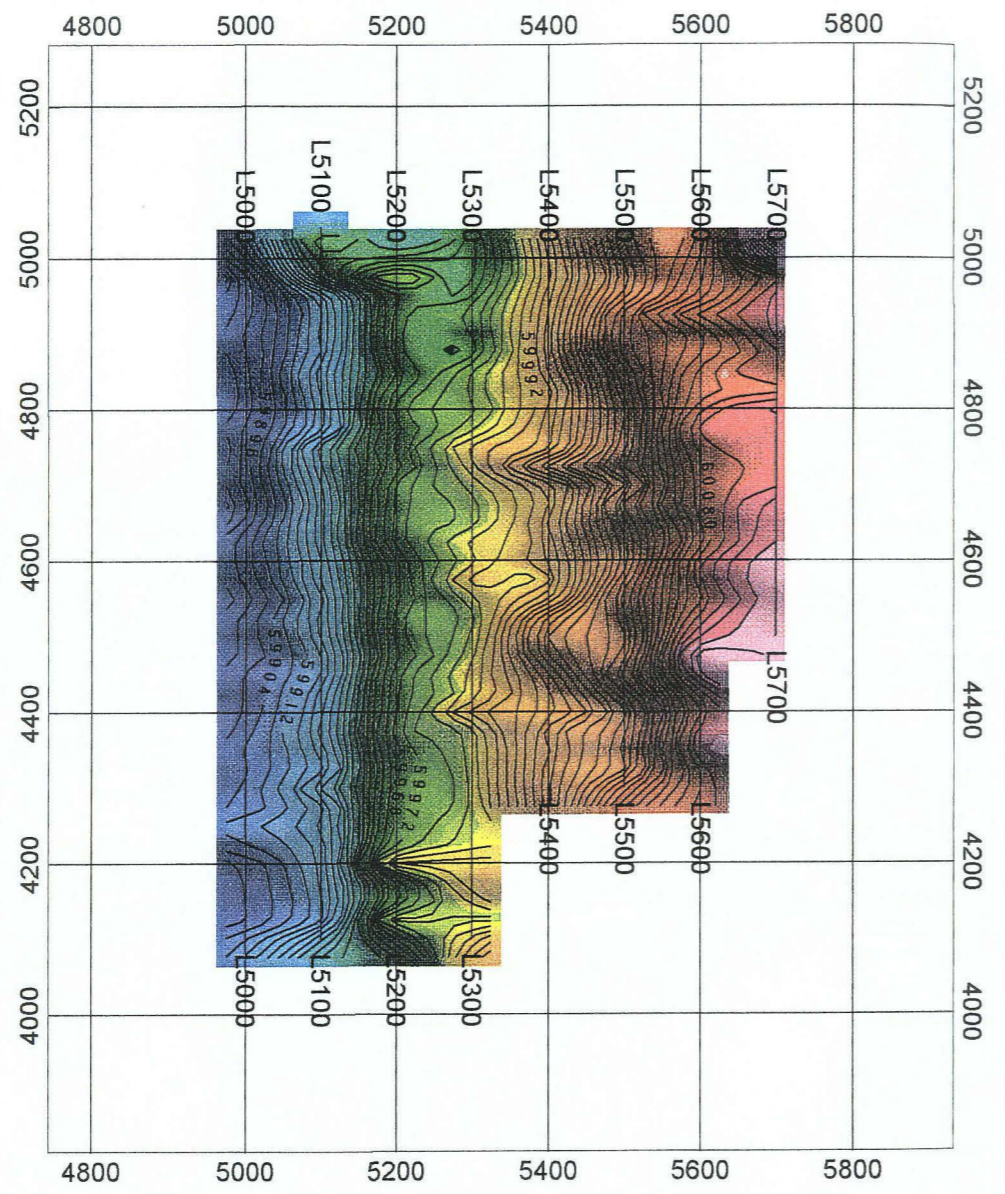
Michael B. Dufresne, M.Sc., P.Geol.

ELLS RIVER SAMPLING INFORMATION
SEPTEMBER - 1998

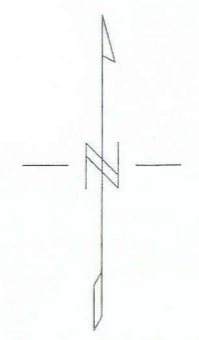
Sample Number	UTM Location		type	weight (kg)	description
	easting	northing			
BLCT001	436000	6351230	till		5-6cm A horizon, 35-40cm leached zone at top of B
BLCT002	439130	6356400	till		5-6cm A horizon, 35-40cm leached zone at top of B
BLCT003	439330	6356380	till		5-6cm A horizon, 35-40cm leached zone at top of B
BLCT004	439530	6356380	till		5-6cm A horizon, 35-40cm leached zone at top of B
BLCT005	439730	6356320	till		5-6cm A horizon, 35-40cm leached zone at top of B
BLCT006	439560	6340605	till		10-15cm A horizon, 20cm bleached, chalky B horizon; compact, brown -grey till - mottled with silt and sands
BLCT007	439430	6340735	till		10-15cm A horizon, 20cm bleached, chalky B horizon; compact, brown -grey till - mottled with silt and sands
BLCT008	434220	6344625	till		5-10cm soil horizon, 30-40cm (B) bleached, chalky zone; very little grit in till - mottled brown with pink clay clasts
BLCT009	433820	6344625	till		med brown clay-rich till with few clasts, not as compact as most tills in area
BLCT010	436150	6351080	till		dry med yellow-brwn, few clasts, hard and compact; 10-15cm A horizon, 30cm leached horizon - till sample taken below leached zone
BLCT011	434310	6369350	till		12-15 cm A horizon, 30-35 cm bleached chalky B (horizon); few clasts in till
BLCT016	435860	6351370	till		10-12 cm soil (A) horizon, 30-35cm of chalky, bleached horizon; hard and compact till - mottled yellow-brown
BLCT017	435580	6351090	till		10-12 cm soil (A) horizon, 30-35cm of chalky, bleached horizon; hard and compact till - mottled yellow-brown
BLCT018	436330	6350800	till		10-15 cm A horizon, 30cm bleached horizon underneath; more sandy than other till samples in area
BLCH101	438800	6355620	heavy mineral concentrate		mud,clay bottom, high in organics; heavily dammed, swampy area
BLCH102	432613	6361797	heavy mineral concentrate		60-70m upstream of beaver dam
BLCH103	437257	6366900	heavy mineral concentrate		poor shale outcrop near stream; 2 bags of material dry sieve
BCBH005	442268	6369272	heavy mineral concentrate		



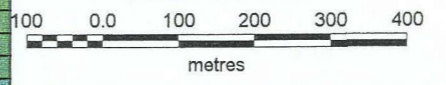
Ells River Resources Ltd.
Total Magnetic Field Grid 2 Northeastern Alberta
APEX Geoscience Ltd.



Color Scale
Nanoteslas (nT)



Scale 1:10000



Ells River Resources Ltd.
Total Magnetic Field Grid 3 Northeastern Alberta
APEX Geoscience Ltd.

59900