MAR 19980018: CHAIN LAKES

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METALLIC & INDUSTRIAL PERMIT NO 9396080077

ASSESSMENT REPORT AUGUST 29, 1996 TO AUGUST 29, 1998
SUMMARY

Assessment work performed during the first two year period of the permit consisted primarily of permit exploration aimed at identifying sites of previous activity, logging of promising areas for future in depth exploration, collecting samples from various permit areas and identifying and mapping alternative access routes.

By the end of the summer of 1998 two areas of the permit had been identified as warranting further prospecting and an increased commitment of resources. Plans for the summer of 1999 call for in depth prospecting and geological analysis in the identified areas.
INTRODUCTION

During the first two years of the permit the majority of work performed related to determination of physical lease boundaries, assessing access routes, identifying previous areas of activity and logging locations for future extensive prospecting.

The focus was on taking and logging samples for future analysis by geologists and based on a visual inspection of the samples and formations determine where to concentrate resources in the following two years of the permit.

Determination of the most appropriate and economical means of accessing various areas of permit was an important component of our efforts during the first permit period.

Exploration of the permit areas in the first two years was carried out by packing in with horses and utilization of quads. Hand tools were utilized for sampling and panning.

The work performed has been organized and is presented on a trip by trip basis with areas explored on each trip identified on the attached map.
PERMIT TABULATION

Metallic and Industrial Minerals Permit No. 939080077

Issue Date:  August 29, 1996

Permit Holders:

Original Permit Holders:
Art James Mckenzie  25%
Lucien Roger Morin  25%
Dirk Kieft  25%
Frank Henry Edgell  25%

Current Permit Holders:
Transfer of Specified Undivided Interest in Agreements - Form D - filed

Art James Mckenzie  33 1/3%
Lucien Roger Morin  33 1/3%
Dirk Kieft  33 1/3%
WORK PERFORMED

TRIP REPORT - AUGUST 30 TO SEPTEMBER 14, 1996

Purpose:
To explore the areas at the base of Mount Livingstone and areas to the North.

Intent:
To identify signs of previous diggings and placer mining and physically identify the West and North boundaries of the claim per topographic maps.

Work performed:
Samples were taken for geologist’s future reference and the location of promising formations were logged

Results:
Based on this trip it was determined to prospect the areas further to the North and locate an easier access route.
TRIP REPORT - JULY 5 TO JULY 19, 1997

Purpose:
To explore the areas at the North end of the permit.

Intent:
To identify signs of previous diggings and placer mining, take samples and physically identify the North boundary of the claim per topographic maps.

Work performed:
A new location was moved to every other day and sample rock formations and pan sediments were taken to identify mineral content.

Results:
Based on this trip it was determined to prospect the areas further to the South and concentrate on areas identified as scull stream and the chute. It was also determined to pack in more horses and tools on subsequent trips.
TRIP REPORT - AUGUST 13 TO AUGUST 30, 1997

Purpose:
To explore the areas at the East end of the permit and continue exploration of the chute.

Intent:
To identify signs of previous diggings and placer mining, take samples and physically identify the East boundary of the claim per topographic maps. To hand dig deeper and pan at the base of the chute.

Work performed:
A new location was moved to every other day towards the Eastern boundary and sample rock formations and pan sediments were taken to identify mineral content. Promising rock formation were logged for future reference.

Results:
Based on this trip it was determined to prospect the areas further to the South and East and with the presence of concentrate on areas identified as the tennis court and the chute. In order to minimize future travel time it was determined to pack in deeper with the horses and tools.
Purpose:
To explore the area at the confluence of the east and west drainage of the headwaters of Westrup Creek into the Southern drainage at the East boundary of the permit.

Intent:
To identify signs of previous diggings and placer mining, take samples and physically identify the South central boundary of the claim per topographic maps.

Work performed:
Rock formations were sampled and promising rock formation were logged for future reference.

Results:
Based on this trip and the promising abundance of geodes it was determined to prospect this area further and concentrate efforts on the areas identified as the tennis court and the chute.
EXPENDITURES

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Number of trip days</td>
<td>61</td>
</tr>
<tr>
<td>Number of men per trip</td>
<td>4</td>
</tr>
<tr>
<td>Horse and tack rental</td>
<td>$20,130.00</td>
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<tr>
<td>six horses including pack horses at $55.00 per day</td>
<td></td>
</tr>
<tr>
<td>per horse for 61 days</td>
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</tr>
<tr>
<td>Quad rental - one quad per trip at $200.00 per day</td>
<td>12,200.00</td>
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<tr>
<td>meals and supplies at $30.00 per day per man</td>
<td>7,320.00</td>
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<tr>
<td>small tools - prospecting and camping</td>
<td>1,675.00</td>
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<tr>
<td>horse trailer rental at $1.25 per km and 980 km per trip based on Stony Plain to site</td>
<td>4,900.00</td>
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<td>truck rental and fuel at $1.25 per km and 980 km per trip based on Stony Plain to site</td>
<td>4,900.00</td>
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<tr>
<td>auto and travel - Calgary to site 240 km per trip at $0.40 per km</td>
<td>384.00</td>
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<td>auto and travel - Denver to site 1,667 km per trip at $0.40 per km</td>
<td>2,667.00</td>
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<tr>
<td>telephone costs for the period</td>
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<td>office supplies</td>
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<td>permit costs</td>
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<td>accounting and professional fees</td>
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<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td><strong>$ 57,976.00</strong></td>
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CONCLUSIONS

The exploration and prospecting carried out during the first two years of the permit has allowed us to identify areas of the permit that we feel warrant in depth and more intensive geological study.

Samples taken and logged will be subjected to a geologists analysis over the winter to confirm our visually findings.

This has been based primarily on a visual inspection of panning results, the presence of geodes and the prevailing rock formations. The area explored in the last trip (July of 1998) has been identified as the primary area of concentration.

The most direct and efficient access routes to the areas have been mapped as well as the best staging areas for further exploration.

Equipment requirements for further work have been identified and preliminary cost estimates prepared to carry out the next phase of exploring and potentially developing the permit area.

Based on the results of our first two years we are optimistic about the potential of the permit area and are prepared to commit the necessary resources to move to the next step.
ASSESSMENT REPORT
METALLIC & INUSTRIAL PERMIT NO. 9396080077

REPORT AUTHORS

Art James Mckenzie
- permit holder
- equipment contractor
- farming

Lucien Roger Morin
- permit holder
- heavy equipment sales

Dated this 23 day of September, 1998

[Signature]
Art James Mckenzie