MAR 20040004: BADHEART

Received date: Apr 21, 2004

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MIN 20040004

APR 21 2004

695491 Alberta Ltd.
&
World Wide Joy-Way Corp.

Box 11, Site 14, R.R.#4
Edmonton, Alberta T5E 5S7
Telephone: 780-973-5368 Fax: 780-973-5238

April 21st, 2004

ASSESSMENT WORK REPORT
2004

This report is relative to the Metallic and Industrial Minerals Permits Nos.
9302010076, 77, 78, 79 & 80
&
9301100011, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, & 23

Prepared by
Kenneth Richardson
President of
695491 Alberta Ltd.
&
World Wide Joy-Way Corp.

Contents

Cover Letter

Box 11, Site #14, RR #4
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April 21st, 2004

Alberta Energy
Mineral Development Division
Coal and Mineral Development
7th Floor, North Petroleum Plaza
9945 – 108 Street
Edmonton, Alberta
T5K 2G6

Attn: Susan Carlisle, Director of Mineral Agreements

Dear Ms. Carlisle:

Re: Metallic and Industrial Minerals Permits No. 9302010076, 77, 78, 79, 80,
9301100011, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, & 23

I am submitting the above mentioned permits as a group and I am allowing the 9301100011 – 23 series of permits to elapse.

Please find attached the assessment report for the 9302010076 - 80 series of metallic and industrial permits, which were taken out on January 25th, 2002. I am filing this report on behalf of all the interested parties: World Wide Joy-Way Corporation, and 695491 Alberta Limited.

We hereby authorize Alberta Energy, Mineral Development Division to reproduce any or all of the documentation contained within this assessment report.

If you have other questions or comments, please contact the writer.

Thank you for your assistance.

Yours truly,

[redacted]

Kenneth Richardson

Summary

Summary

This Assessment Work Report on Metallic and Industrial Minerals Permits Nos. 9302010076, 77, 78, 79 & 80 summarizes the exploration work that has been done on the Badheart property and makes recommendations for further exploration.

The Badheart property is located in NTS 84D, approximately 5 km south of the hamlet of Worsley, Alberta. The permit area is approximately 24,196 hectares. The permits are held by World Wide Joyway Corporation and 695491 Alberta Ltd., both being private Alberta corporations.

The professional services of G.S. Hartley, P.Geol. and Lester Vanhill, Geological Tech. were used for the field work and creation of the "Proposed Depositional Model". Their efforts are documented in the reports that are included as part of this Assessment Work Report.

Loring Laboratories Ltd. (Calgary) was hired to do assay work on samples from the property.

Extensive experimentation has been conducted in Kenneth Richardson's own laboratory, as is documented in the Statement of Expenditures and Quarterly Activities sections of this report. The thousands of experiments that have been conducted have produced encouraging, yet inconclusive results. We have had success in identifying varying values of previous metals, but further research is required in order to fine-tune and standardize those processes. Our methods are successful in varying degrees ; our aim is to develop proprietary processes that will consistently produce the commercially viable values that we often obtain.

Due to the proprietary nature of our methods, we are not at liberty to comment in further detail as to the results of individual experiments that have been conducted. For further information, please contact the author of this report.

Location and Access

Location and Access

The property is located 5 miles east and 6 miles north of the hamlet of Worsley, Alberta. Access to the area is by paved highway and gravel road west of Fairview, Alberta. Local access to the permit is by the Running Lake road, the Canfor logging road and a well maintained system of lease roads developed and maintained by the oil and gas industry.

The town of Fairview, located approximately 100 km away, has limited, but adequate resources to support exploration operations.

Being in north-western Alberta, the climate ranges from moderate to extreme, having warm summers and cold winters. The roads that a mining operation would depend on are generally kept in serviceable use throughout the year.

Statement of Expenditures

Assessment Work for World Wide Joy-Way Corp., and 695491 Alberta Limited

Metallic and Industrial Minerals Permits No. 9302010076, 77, 78, 79, & 80 (24,196 Hectares - Requires $120,980.00 Assessment)

Kenneth Richardson's work on the Badheart Formation began in 2001. There was extensive planning, creating of technology, and building of extraction equipment in anticipation of acquiring the permits in question. Much of the expense involved in the work on these properties was paid for in 2001 in preparation for the work in 2002-2003.

Quarter 1 - February 1, 2002 - April 30, 2002

Kenneth Richardson	[redacted]	[redacted]
Rodney Richardson	[redacted]	[redacted]
Jim Humble & Richard Johnson 21st Century Science LLC Mina, Nevada	Supplied technology for vapor phases (the mixing of ores and ammonium chloride in order to create a phase separation).	[redacted]
Orvie Zimmerman Jr. Colorado	Supplied technology for concentrating iron ore.	[redacted]
		$77,637 Total

Quarter 2 - May 1, 2002 - July 31, 2002

Kenneth Richardson	[redacted]	[redacted]
Rodney Richardson	[redacted]	[redacted]
Earl Gingras Sylvan Lake, Alberta	Built a centrifuge having walls coated with a layer of mercury so as to capture particles of gold and platinum within an amalgam. This machine was designed to process 1 ton of Badheart iron ore per hour.	[redacted]
Leroy Ness J.R. Fluids Nisku, Alberta	Designed and supplied a stainless steel filtering system for leach solutions.	[redacted]

J.R. Fluids Nisku, Alberta	Constructed a "roaster", designed by Jim Humble, for the purpose of roasting and vaporizing a mix of ammonium chloride and iron ore from the Badheart Formation.	[redacted]
Dale Cunningham Kelowna, B.C.	Worked as the operator of the centrifuge built by Earl Gingras.	[redacted]
Jim and Mike Terry Utah	Assayed and designed smelting processes for iron ore.	[redacted]
		$107,236 Total

Quarter 3 - August 1, 2002 - October 31, 2002

Kenneth Richardson	[redacted]	[redacted]
Rodney Richardson	[redacted]	[redacted]
W.N. Boynton Mina, Nevada	Worked out a process for extracting noble metals out of iron ore by smelting.	[redacted]
Chaz Guest Sedona, Arizona	Created process technology for extracting platinum and gold out of the Badheart iron ore.	[redacted]
Minex Resources Phoenix, Arizona	Devised smelting technology.	$6,667 ($5,000 U.S.)
		$51,672 Total

Quarter 4 - November 1, 2002 - January 31, 2003

Kenneth Richardson	[redacted]	[redacted]
Rodney Richardson	[redacted]	[redacted]
W.N. Boynton Mina, Nevada	Worked out a process for extracting noble metals out of iron ore by smelting.	[redacted]
		$38,338 Total

Quarter 5 - February 1, 2003 - April 30, 2003

Kenneth Richardson	[redacted]	[redacted]
Rodney Richardson	[redacted]	[redacted]
W.N. Boynton Mina, Nevada	Worked out a process for extracting noble metals out of iron ore by smelting.	[redacted]
		$38,338 Total

Quarter 6 - May 1, 2003 - July 31, 2003

Kenneth Richardson	[redacted]	[redacted]
Rodney Richardson	[redacted]	[redacted]
W.N. Boynton Mina, Nevada	Worked out a process for extracting noble metals out of iron ore by smelting.	[redacted]
Ronnie Dale Ashley Ashley Mines Wickenburg, Arizona	Created processes and flow sheets for iron ore extraction.	[redacted]
		$66,195 Total

Quarter 7 - August 1, 2003 - October 31, 2003

Kenneth Richardson	[redacted]	[redacted]
W.N. Boynton Mina, Nevada	Worked out a process for extracting noble metals out of iron ore by smelting.	[redacted]
Ronnie Dale Ashley Ashley Mines Wickenburg, Arizona	Created processes and flow sheets for iron ore extraction.	[redacted]
		$50,096 Total

Quarter 8 - November 1, 2003 - January 25, 2004

Kenneth Richardson	[redacted]	[redacted]
Ronnie Dale Ashley Ashley Mines Wickenburg, Arizona	Created processes and flow sheets for iron ore extraction.	[redacted]
		$28,756 Total

Cost of Bedrock Sampling of the Badheart Formation (see document written by G.S. Hartley, P. Geol.)

2001 Field Program	$3,766
2003 Field Program	$2,564
2004 Field Program	$2,000
2004 Drill Program	$4,408
Loring Laboratories Ltd.	$455
	$13,193 Total

Laboratory Supplies & Overhead Expenses

Laboratory Supplies	$1,151 per month (52% of Laboratory & Overhead)	**$27,624**
Overhead Expenses	$1,049 per month (48% of Laboratory & Overhead)	**$25,176**
		$524,261 Grand Total

Declaration

The undersigned, Kenneth Richardson, hereby declares that the above stated exploration expenditures were incurred in the diligent exploration of Metallic and Industrial Mineral Permits Nos. 9302010076, 77, 78, 79, 80 during the period January 25, 2002 through January 25, 2004 in accordance with the applicable permitting requirements.

[redacted]

Kenneth Richardson, Edmonton, Alberta

Quarterly Activies Connected with the Badheart Formation

Quarterly Activities Connected with the Badheart Formation: Research and Extractive Technology for Silver, Gold and Other Precious Metals

The Worsley Pit started in the 1960s. An Edmonton based company, Premier Steel Mills, Ltd., began exploration work there to find iron ore. They extracted from 3-5,000 tons from the pit and shipped it to the U.S. At the start of our permits we brought down approximately 90 tons of materials to do extractive metallurgy work on. Before work could be done on the material, it had to be dried using a 350 degree roast. Then it was put through an impact mill, and then a ball mill to reduce the particle size to 200 mesh +/-.

Rodney Richardson worked as a fabricator and assistant to Kenneth Richardson, who worked as the project's coordinator and head researcher. Throughout the following descriptions, ongoing research and experimentation was being done. The following descriptions show the highlights of these time periods.

Quarter 1 – February 1, 2002 – April 30, 2002

Technology and instructions for a machine were purchased from Jim Humble and Richard Johnson. This machine mixes ores and ammonium chloride in order to create a phase separation.

Orvie Zimmerman Jr. developed a method for concentrating precious metals out of the Badheart iron ore matrix. We entered into an agreement to purchase this technology and made a down payment of $13,330 (Canadian) in order to do due diligence.

Quarter 2 – May 1, 2002 – July 31, 2002

Extensive process and equipment development was done in this quarter.

The technology supplied by Jim Humble and Richard Johnson was used to build a roaster for vaporizing ammonium chloride from iron ore. The gold is converted into a gold chloride, which is vaporized along with the ammonium chloride from the iron ore. The gold is then recaptured using scrubbers.

Using the expertise of Earl Gingras, a centrifuge was built having walls coated with a layer of mercury. This layer captures particles of gold and platinum within an amalgam. Dale Cunningham worked as the operator of this machine at this time.

A stainless steel filtering system for leach solutions was designed and supplied by Leroy Ness. The filtering system is to separate ore from pregnant leach solution.

Jim and Mike Terry did assay work (included in the Assay Reports) using a method of incorporating static charges into finely ground ore. They also worked on smelting processes.

Quarter 3 – August 1, 2002 – October 31, 2002

Further technologies were purchased and developed.

W.N. Boynton created a smelting process built around the principle of converting precious metals into sulfides, and then extracting the metals from those sulfides.

The contributions of Chaz Guest were deemed to be unworthy of further pursuit.

The high-temperature smelting technologies used by Minex Resources produced assays that are included in the Assay Reports.

Quarter 4 – November 1, 2002 – January 31, 2003

The work of W.N. Boynton continued in this quarter, and further work was done with the technologies purchased in previous quarters.

Quarter 5 – February 1, 2003 – April 30, 2003

The work of W.N. Boynton continued in this quarter, and further work was done with the technologies purchased in previous quarters.

Quarter 6 – May 1, 2003 – July 31, 2003

The work of W.N. Boynton continued in this quarter, and further work was done with the technologies purchased in previous quarters.

Ronnie Dale Ashley created an ongoing series of processes and flow sheets for iron ore extraction. The flow sheets help to organize and solidify the processes being used, while making them easier to communicate to potential investors.

Quarter 7 – August 1, 2003 – October 31, 2003

The work of W.N. Boynton continued in this quarter, and further work was done with the technologies purchased in previous quarters.

Ronnie Dale Ashley created an ongoing series of processes and flow sheets for iron ore extraction. The flow sheets help to organize and solidify the processes being used, while making them easier to communicate to potential investors.

Quarter 8 – November 1, 2003 – January 25, 2004

Ronnie Dale Ashley created an ongoing series of processes and flow sheets for iron ore extraction. The flow sheets help to organize and solidify the processes being used, while making them easier to communicate to potential investors.

Author's Experience and Certificate

Author's Experience and Certificate

I, Kenneth Richardson, of Box 11, Site 14, R.R.#4, Edmonton, Alberta, am qualified to prepare and submit this Assessment Work Report on Metallic and Industrial Minerals Permits Nos. 9302010076, 77, 78, 79 & 80, obtained by 695491 Alberta Ltd. and World Wide Joy-Way Corporation on January 25th, 2002 tabulated herein by virtue of the following and hereby declare that I have:

1. spent 19 years prospecting minerals in the Peace River, Fort McMurray/Fort McKay, and many areas of Alberta, and the Clearwater region of Saskatchewan, plus many other areas in British Columbia and the western United States,

2. filed for numerous permits in Alberta and Saskatchewan and have sold many of these to companies such as Birch Mountain Resources Ltd., Tintina Mines Ltd., NSR Resources Ltd., and Focal Resources Ltd.,

3. prepared Assessment Work Reports for Alberta Energy on properties for H.M.S. Properties Ltd. and on my own behalf, and

4. undertaken research on extraction of metallic minerals from 'prairie-type' mineralization found in the Western Canadian Sedimentary Basin during the past 19 years.

This statement is true and correct and is being made as part of the credentials of this Assessment Work Report dated at Edmonton, Alberta this 21st day of April, 2004.

[redacted]

Kenneth Richardson, President of 695491 Alberta Ltd. and World Wide Joy-Way Corporation

Geologists' Reports : July 24 - 29, 2001

Reconnaissance Sampling
of the
Badheart Formation
Clear Hills Area
NTS 84

for
Ken Richardson

By

G. S. Hartley P.Geol

July 24^{th} to 29
2001

Hartley and Associates

Introduction

During the period July 24 through 29 , A short field program was conducted to locate and sample easily accessible outcrops of the Cretaceous Badheart formation, located in the Clear hills area of Northern Alberta.

Logistics

Mobilization was by truck, ATV and Bell 206 Jet Ranger. Accommodation and sundries were available from commercial outlets in Worsley, Hines Creek Grimshaw and Peace River.

Sampling

Five samples were collected, from various exposures, all locations were flagged and the GPS locations were recorded, sample size was usually in the order of 30 - 50 lbs. Except at the most northerly location where approximately 300 lbs. was collected.

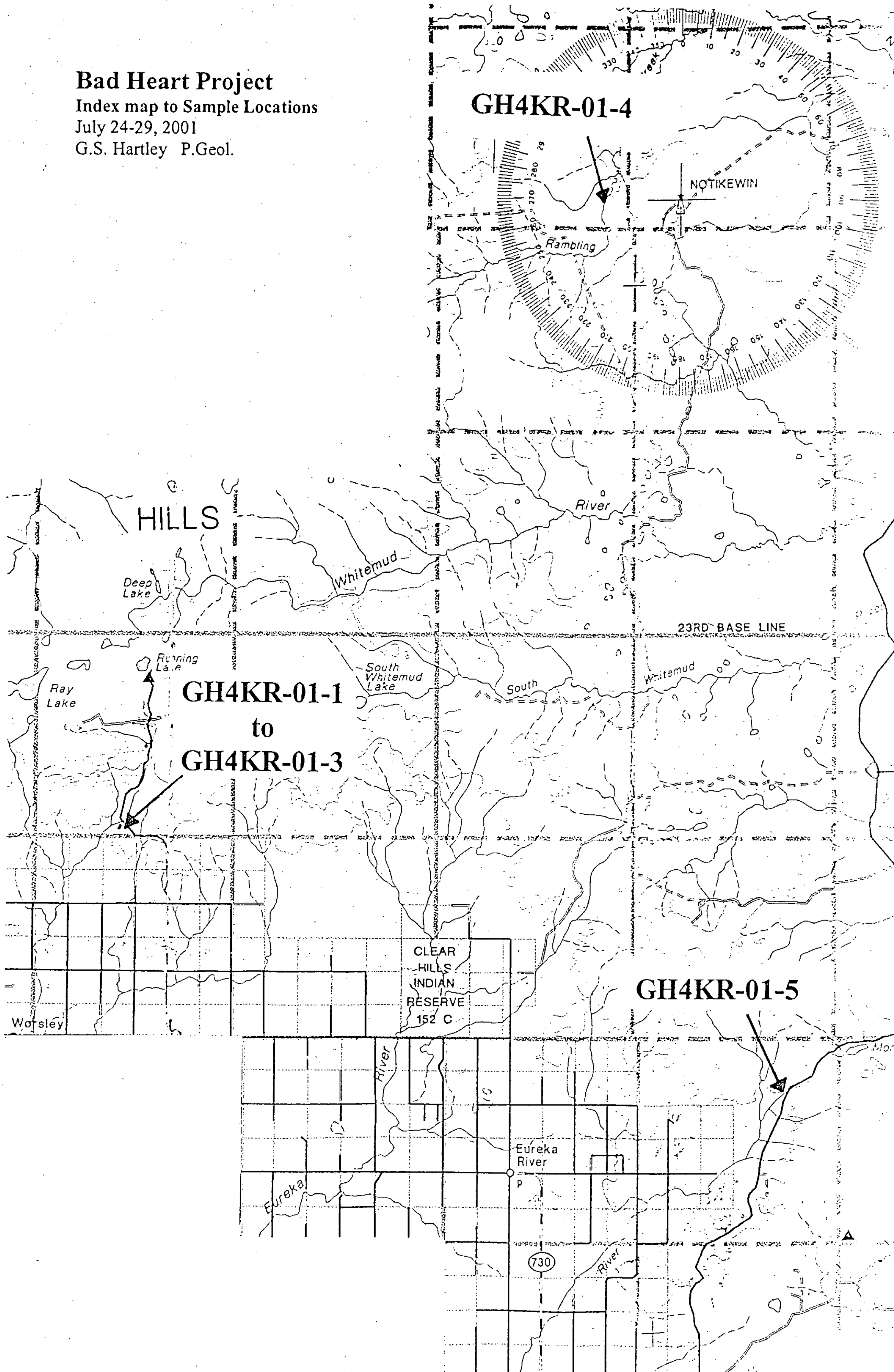
A second set of 4 to 5 lbs. samples were collected, bagged and placed in sealed metal canisters as a "chain of custody sampling program", conducted at the request of Mr. Richardson.

These samples will remain in the care of the author until shipping instructions are received.

Sample locations follow in the index map and as table #1

Bad Heart Project

Index map to Sample Locations
July 24-29, 2001
G.S. Hartley P.Geol.



Bad Heart Project
July 24-30th 2001
Sample locations

Sample number	GPS Location	Remarks
GH4KR-01-1	N 56* 36" .759' W 119* 02" .752'	Road cut exposure along Running Lake road (located .25miles@29* from Worsley pit)
GH4KR-01-2	N 56* 36" .567' W 119* 02" .947'	Known as" Worsley Pit" on Running lake road
GH4KR-01-3	no exact location information lost	Pipe line cut 600ft east of Running Lake road (located approximately .6 mi from pit)
GH4KR-01-4	N 56* 51" .998' W 118* 40" .057'	Pit approx 2.5 miles west of Notikewin Fire Tower. Located 23.0 miles@39* from Worsley Pit
GH4KR-01-5	N 56* 29" .468' W 118* 29" .780'	km 26 of sulfer ck road ,White mud Hills area . This sample possible float derived from zone above road cut Located 22.7 miles @111* from Worsley pit

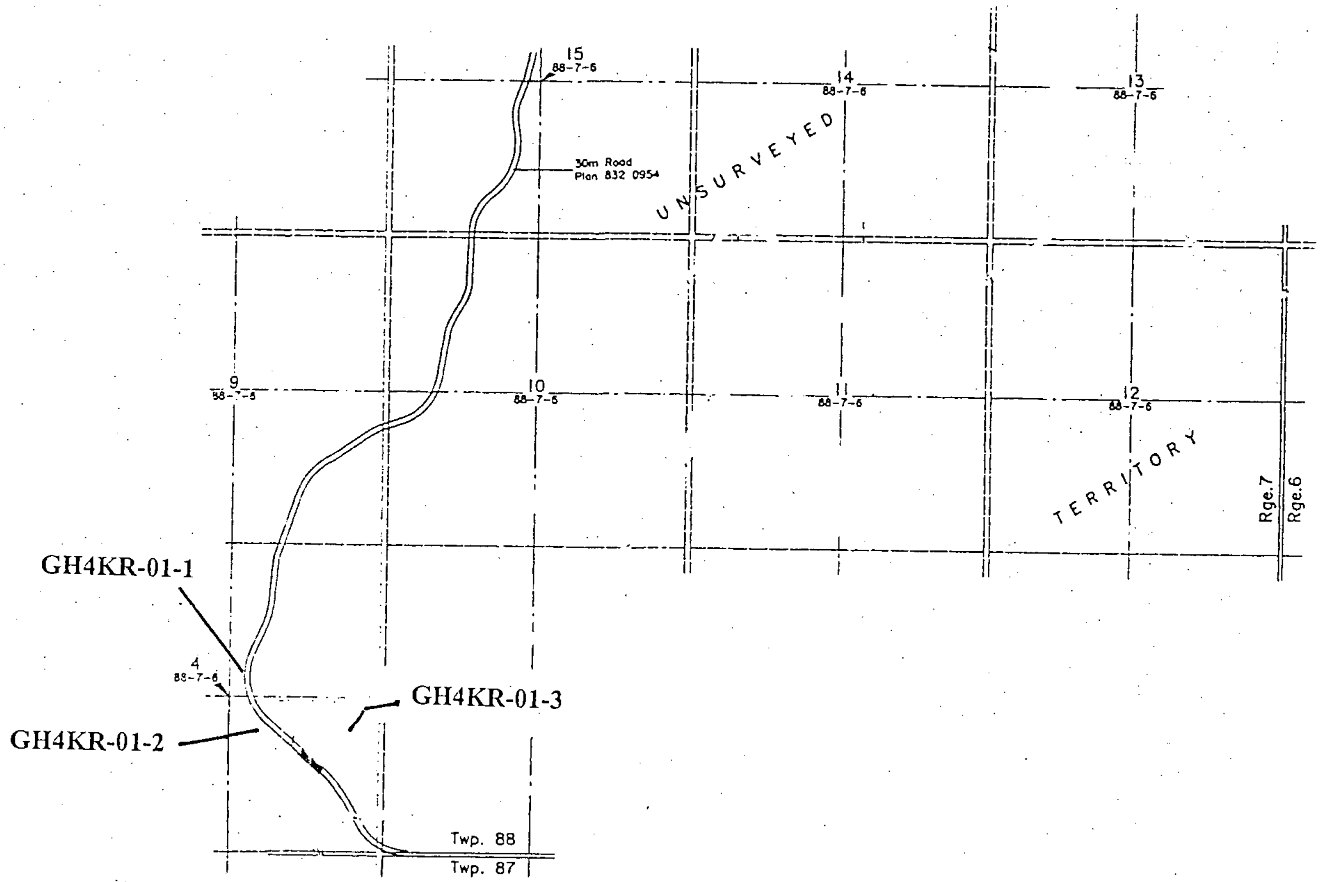
gh4kr-01-4 (888x606x24b jpeg)

Photo#1 Samplers Aaron Hartley and Roman (pilot) at location GH4KR-01-4

Photo#2 Aaron sampling location GH4KR-01-1

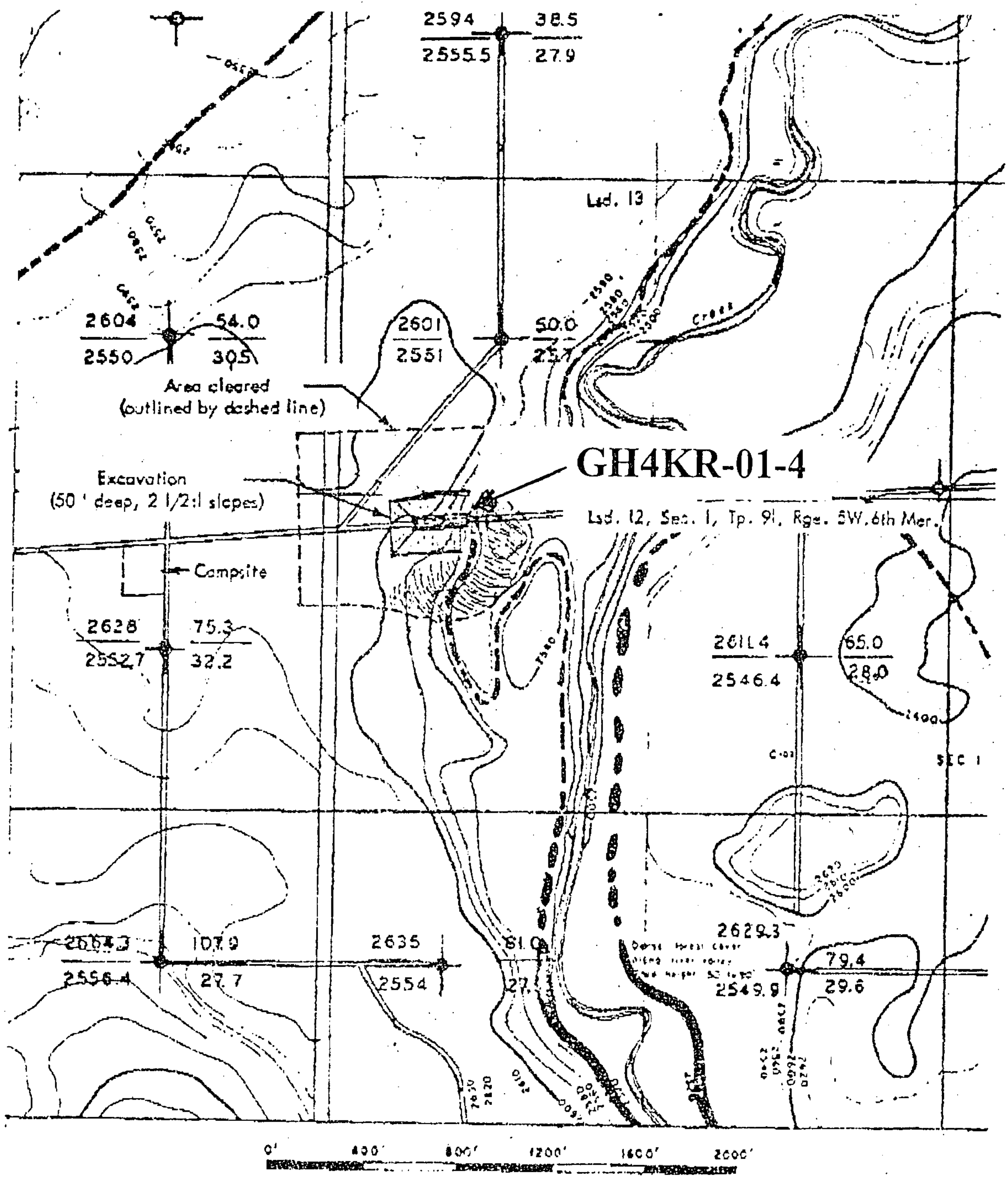
Bad Heart Project

Sample locations
Worsley Pit Area
July 24-29, 2001
G.S. Hartley P.Geol.

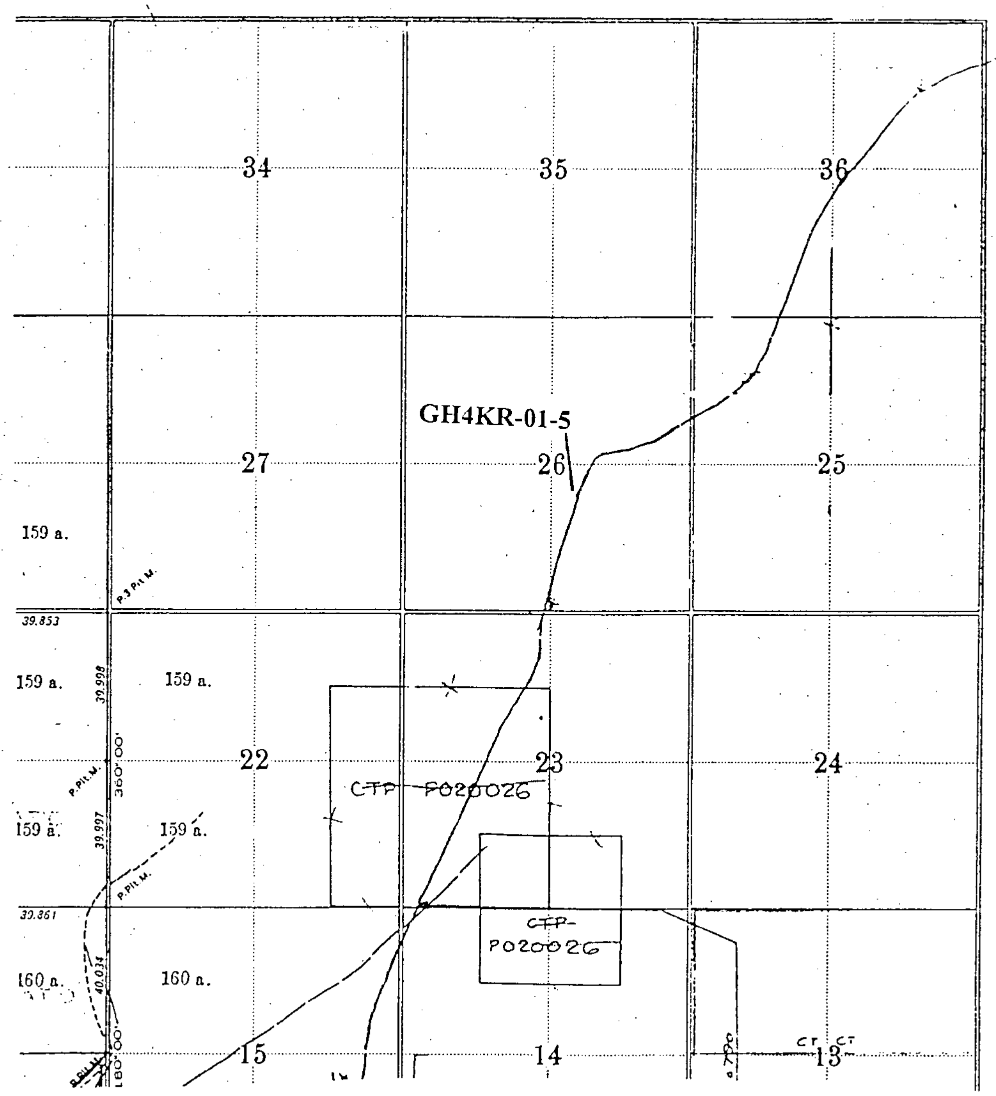


WORSLEY AREA
in Theoretical
W.1/2 Sec.3, E.1/2 Sec.4, S.1/2 & N.E.1/4 Sec.10,
N.1/2 Sec.11, N.W.1/4 Sec.12, S.1/2 & N.E.1/4 Sec.13,
Sec.14, E.1/2 Sec.24,
Twp.88 Rge.7 W.6M.
Municipal District of Clearhills No.21

Bad Heart Project
Sample location GH4KR-01-4
Notikewin Tower Area
July 24-29, 2001
G.S. Hartley P.Geol.



Bad Heart Project
Sample location GH4KR-01-5
Whitemud Hills Area
July 24-29, 2001
G.S. Hartley P.Geol.



Plan of Township 86, Range 4,
FIRST EDITION
West of the Sixth Meridian

Bad Heart Project Invoice

Summery of Costs incurred

Sampling Program conducted for Ken Richardson

Date	Item	Cost
July 24/01	Airphotos	52.97
July 24/01	Maps from Maptown in Edmonton	14.18
July 26/01	Bags and containers Princess Auto	46.78
July 26/01	Lunch in Grande Prairie	16.99
July 26/01	supper grimshaw	18.6
July 26/01	Bush Snacks Peace River	20.61
July 27/01	Lunch in Worsley	14.18
July 27/01	Quad rental Peace River	214
July 28/01	Helicopter charter .6hr@$850.00	555.33
July 28/01	supper grimshaw farmers rest	23.05
July 28/01	truck wash	5.35
July 29/01	lunch Hines Creek	18.6
July 29/01	Grimshaw Hotel	229.83
July 29/01	supper Boston peace River	21.88
July 30/01	Hotel peace River	59.36
July 31/01	airphotos	14.45
July 31/01	Twp maps	16.05
july 31/01	airphotos	24.08
July 26/29	[redacted] Geologist fees	[redacted]
July 26/29	[redacted] helper	
30-Jul	demob Peace River to Edmonton	200
July 26/30	1600 km @.25 truck charges	400
	Total cost of program	3766.29

CERTIFICATE

I, Glenn S. Hartley of 7302-118a street Edmonton, hereby state that:

1. I am a graduate of the University of Alberta, Department of Geology (B.Sc. 1977).

2. I am a registered Professional Geologist in the province of Alberta.

3. Since 1970, I have been employed by various mineral exploration firms, and have conducted field programs is Alberta, British Columbia, Saskatchewan, Northwest Territories and the Yukon.

4. I have been requested, by Mr. Ken Richardson, to hold "Chain of custody samples" collected during this project, for later submission to a designated assay Lab, these samples are held in secure storage until further direction is received.

5. I have no direct interest in the mineral permits held in this area.

Respectfully submitted

Glenn S. Hartley P. Geol.

Geologists' Reports : August 15 - 17, 2003

Bedrock Sampling
of the
Badheart Formation
near
Worsley Alberta

NTS 84 D 11
119' 02" West 56' 36" North

Work done
August 15 through August 17
2003

By

G.S. HARTLEY P. GEOL.

For

K.Richardson

August 18, 2003

Table of Contents

List of Maps

List of Plates

VI. Statement of Expenditure

Expenses
Trip to Worsley Alberta Friday Aug 15 through Sunday Aug 17th 2003

			Totals	
Friday Aug 15th				
meals	7.48	16.21	23.69	
Hotel	71.68		71.68	
Misc			0.00	
Saturday Aug 16th				
Meals	9.82	Rest in hotel charges	9.82	
Hotel	107.94		107.94	
Misc	23.54(Film)	22.97(snacks)	45.51	- SHOULD BE 46.51. APPROVED BM
Sunday Aug 16 th				
Meals	5.76	6.36	12.12	
Hotel			0.00	
Misc			0.00	
Professional fees:	3 days @$350/day		1,050.00	
Truck charges:	1720 Kilometers@.55/Km		946.00	
Drill rental			157.29	
Airphotos			32.10	
Maps			13.90	
		Total invoice	**2471.05**	

I. Summery

The Bad heart formation (locally known as Iron cap) is stratigraphicaly located near the middle of the upper Cretaceous Smokey Group in north west Alberta.
The Formation has been the the target of Mineral Exploration interest since 1960's . First as a source of iron ore and later for precious metals.

The author was requested by Mr. Kenneth Richardson of Edmonton to sample surface exposures of the Bad heart formation with an auger drill for Chain of Custody purposes.

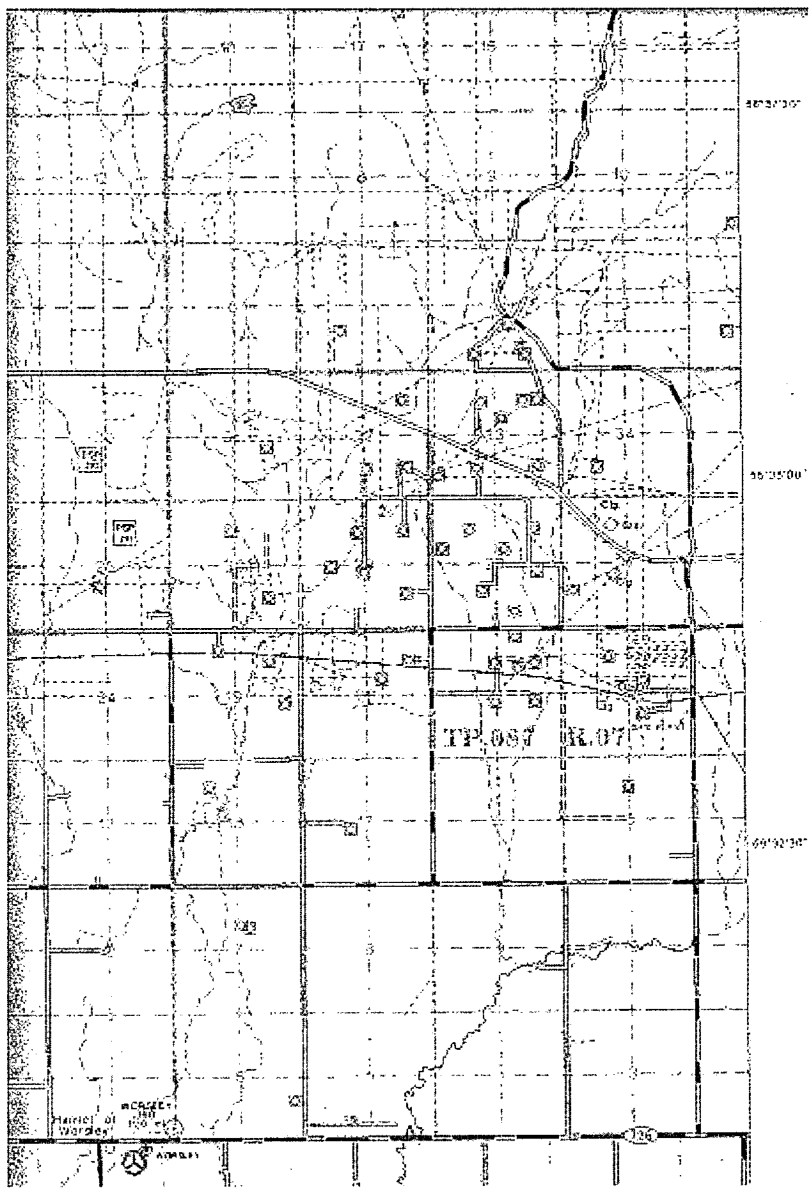
This Bedrock sampling program was conducted using a Stil power auger equipt with 2 and 4 inch diameter augers, each three feet in length

Samples of the Bad Heart formation were collected by drilling vertical into outcrop exposures . The cuttings were collected by hand and placed into labeled cloth bags for analysis

Plate 1: Drilling Hole AH-03-01 note the 4 inch auger, the 2 inch pilot hole has just been drilled , sampled and placed in bucket

II. Location and Access

The property is located 2 miles east and 2 miles north of the Worsley Alberta. Access to the area is by paved highway and gravel road west of Fairview Alberta. Local access to the permit is by the Running Lake road , the Canfor logging road and a well maintained system of lease roads developed and maintained by the oil and gas industry



Map 1: Location map showing local access, well sites and pipelines north of the hamlet of Worsley Alberta

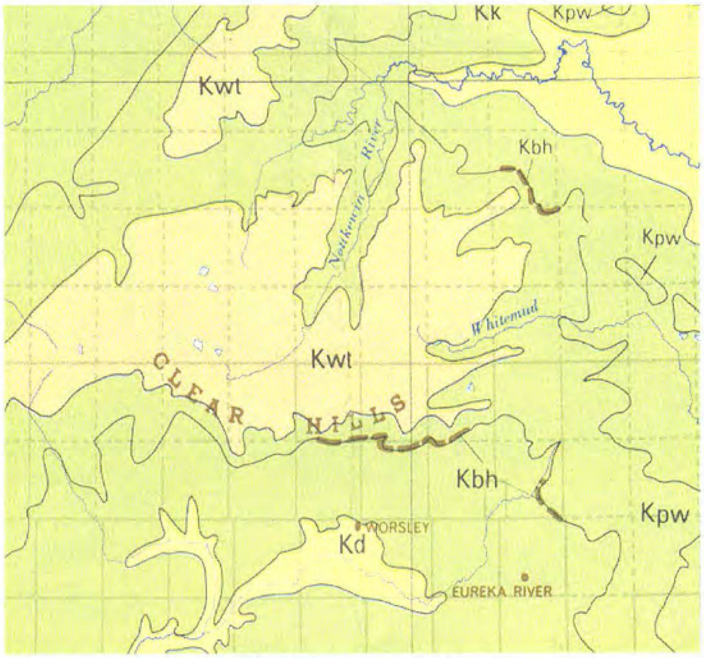
III. Physiography

The area is dominated by the Clear hills to the north and flat farm land to the . the resistant Badheart formation is exposed on the tops of the hills west of the Running Lake road.

Plate 2: looking south from Hole AH-03-10 located on a resistive hill top, down to the flat farmland about 300 feet below, toward Worsley

IV Regional Geology

The Barheart Formation was described by McLearn (1919) as "10 to 25 feet of coarse sandstone weathering reddish brown". The formation was redefined by Plint (et al 1990) as a unit comprising fine-grained, silty sandstones containing abundant ooliths and areally restricted to the Alberta Plains.



Map 3 Regional Geology (Green 1970)

TERTIARY AND CRETACEOUS

PALEOCENE AND UPPER CRETACEOUS

TKp — **PASKAPOO FORMATION:** grey to greenish grey, thick-bedded, calcareous, cherty sandstone; grey and green siltstone and mudstone; minor conglomerate, thin limestone, coal and tuff beds. **Scollard Member (Ksc):** grey feldspathic sandstone, dark grey bentonitic mudstone; thick coal beds; nonmarine

CRETACEOUS

UPPER CRETACEOUS

Kwt — **WAPITI FORMATION:** grey, feldspathic, clayey sandstone; grey bentonitic mudstone and bentonite; scattered coal beds; nonmarine

Kpw — **PUSKWASKAU FORMATION:** dark grey fossiliferous shale, silty in upper part; marine

Kbh — **BAD HEART FORMATION:** fine-grained quartzose sandstone, ferruginous oolitic sandstone and mudstone; marine

Kk — **KASKAPAU FORMATION:** dark grey silty shale, thin concretionary ironstone beds; interbedded in lower part with fine-grained quartzose sandstone and thin beds of ferruginous oolitic mudstone; marine

Kd — **DUNVEGAN FORMATION:** grey, fine-grained, feldspathic sandstone with hard calcareous beds; laminated siltstone and grey silty shale; deltaic to marine

V. Sampling by Auger Drilling

A total of 10 auger holes were drilled into Badheart outcrops using a Stil power auger equipt with 2 inch and 4 inch diameter augers, each 3 feet in length .

The sampling method involved drilling a 2 inch diameter pilot hole collecting and bagging the sample cuttings then re-drilling the hole with a 4 inch auger and collecting the cuttings

The bags containing the cuttings were labeled and placed in separate large poly sacks within 20-liter plastic pails.

No attempt was made to describe the lithology at each location although some general inference could be made as to the stratagraphic position, relative to the formation base or top

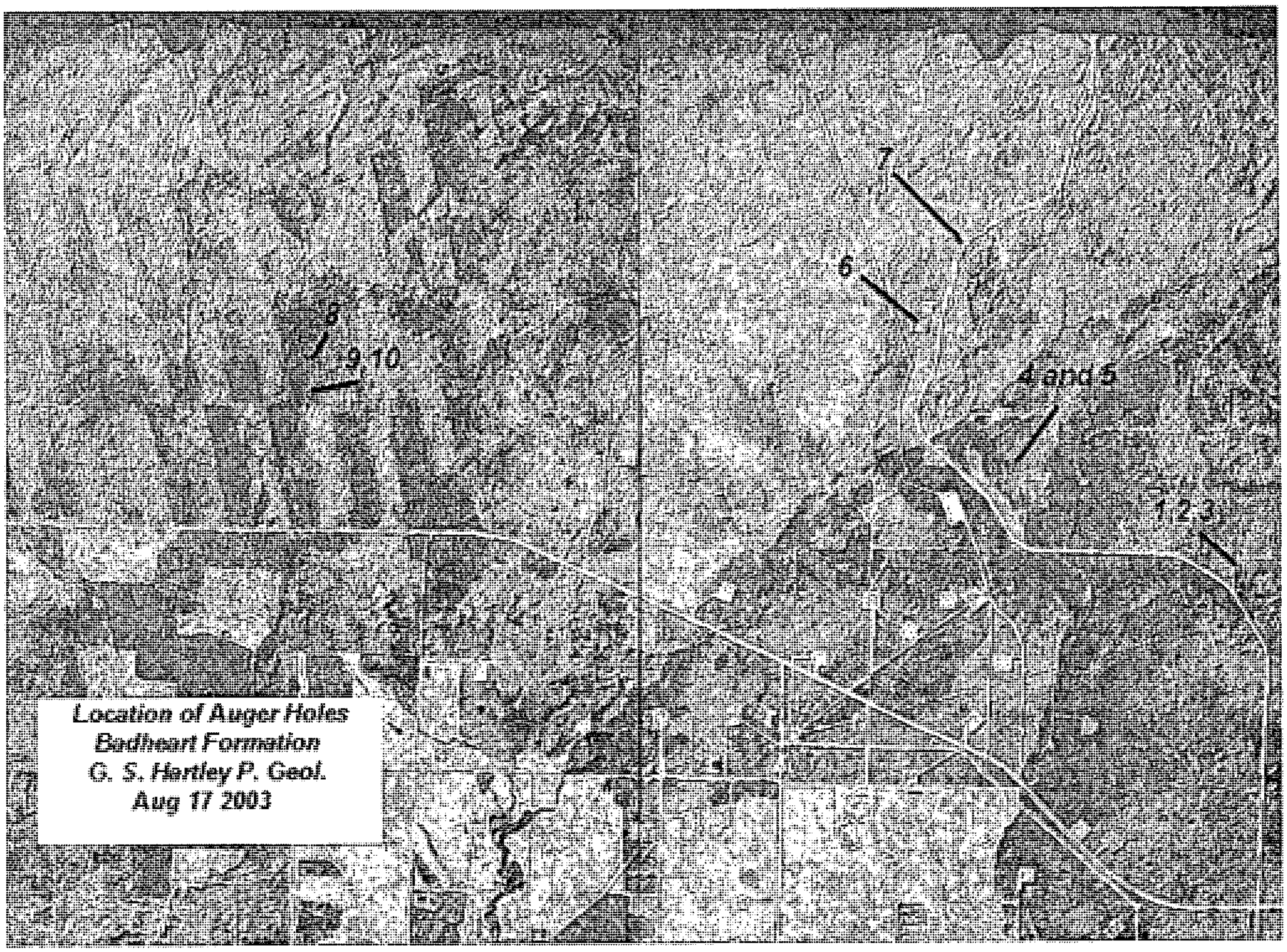


Plate 3: Auger Hole Locations

VI. Interpretation

General Stratigraphic Observations

Hole	Position	Remarks
AH-03-1 to 3	Top of formation	Top observed
AH-03-4	near top?	Base observed
AH-03-5	Mid formation?	Base observed
AH-03-6	Base of formation	Base observed
AH-03-7	Mid formation?	Unobserved
AH-03-8	Near top	Base observed
AH-03-9	Mid formation	Base observed
AH-03-10	Near base	Base observed

VI. Conclusions

Ten locations were sampled, 2 samples were collected at each hole and stored in separate containers, the 2 inch auger samples were provided to Mr. Richardson the 4 inch auger samples were retained by the author, to be later split and shipped to various commercial labs for assay.

VI. Statement of Expenditure

Expenses
Trip to Worsley Alberta Friday Aug 15 through Sunday Aug 17th 2003

			Totals
Friday Aug 15th			
meals	7.48	16.21	23.69
Hotel	71.68		71.68
Misc			0.00
Saturday Aug 16th			
Meals	9.82	Rest in hotel charges	9.82
Hotel	107.94		107.94
Misc	23.54(Film)	22.97(snacks)	39.18
Sunday Aug 16 th			
Meals	5.76	6.36	12.12
Hotel			0.00
Misc			0.00
Professional fees:	3 days @$350/day		1,150.00
Truck charges:	1720 Kilometers@.55/Km		946.00
Drill rental			157.29
Airphotos			32.10
Maps			13.90
		Total invoice	**2,563.72**

CERTIFICATE

I, Glenn S. Hartley of 7302-118a street Edmonton, hereby state that:

1. I am a graduate of the University of Alberta, Department of Geology (B.Sc. 1977).

2. I am a registered Professional Geologist in the province of Alberta.

3. Since 1970, I have been employed by various mineral exploration firms, and have conducted field programs is Alberta, British Columbia, Saskatchewan, Northwest Territories and the Yukon.

4. I have been requested, by Mr. Ken Richardson, to hold "Chain of custody samples" collected during this project, for later submission to a designated assay Lab, these samples are held in secure storage until further direction is received.

5. I have no direct interest in the mineral permits held in this area.

Respectfully submitted

Glenn S. Hartley P. Geol.

Appendix 1

Holes AH-03-1 (center) AH-03-2 (right) AH-03-3 (left) outcrop local name is Worsley Pit

Holes AH-03-4 (Skyline) AH-03-5 (upper middle)

Hole AH-03-6

Hole AH-03-7

Hole AH-03-8

Hole AH-03-9

Hole AH-03-10

Geologists' Reports : January 18 - 24, 2004

Log Book Data

For

January 18-24/2004

"Worsley Project"

Summary of Field Exploration

Prepared for: Kenneth Richardson

Prepared by: Lester Vanhill
(Geological Tech)

LOG BOOK DATA

For
Lester Vanhill
January 18 – 24, 2004
MME # 030011

Jan 19/2004

Samples:

Hole # 001

0.0-1.0m	Pic #1/Roll #1
1.0-1.5m	
1.5-2.0m	Pic #3+4/Roll #1 : Noticed round rocks @ this level
2.0-2.5m	
2.5-3.0m	
3.0-3.5m	
3.5-4.0m	
4.0-4.5m	Rusty clay, May be @ contact

End of Hole Due to torque

Total of 8 bags
Pictures # 1-5 / Roll # 1

GPS 11v 0376270
6273900

Drove North on Running Lk. Rd just past Heli Base,
Left, up and around to:

Conoco Phillips
2-4-88-7w6

"Good view point for across valley"

Jan 20/2004
~-20^{0C}
Drove up Running Lk. Road to Rec. Park (pic #7). Turned around and drove ~2km south on the Running Lk. Road to an ice road heading east. Followed this ice road east to a "T" intersection at the range line (pipeline). Traveled north then east again to well lease site being constructed by Moffate Construction. (15-19-88-6w6). Talked to Howard Hooey and Bob Melvin at lease site and took two samples from the surface stripping made by a D7H.

Lease Samples #1 + #2

Red color to clay, numerous quartzite looking rounded rocks.
Pictures # 8-10 / Roll #1

GPS 11v 0381051
6280227

Drove north along pipeline ice road, across Whitemud Creek (pic # 12+13) and back into newly constructed well lease site (14-11-89-7w6). Took one sample from the frozen, empty sump.

Lease Sample #3

Clay on lease normal color with no noticeable red tinge but well-rounded quartzite looking rocks.
Pictures # 14-16 / Roll #1

GPS 11v 0377565
6286547

Drove back across Whitemud creek (pic #17+18) to a well lease site under construction (13-29-88-6w6)(pic #19). No samples taken from this site at this time.
Had lunch in small gravel pit 1km off Running Lk. Road. Active trap line area.

Trapper Sign # 1457, A. Hudak, (780) 685-3865

Drove to Worsley Pit Location and took two grab samples from pit bank below AH03-01

Grab Sample #1 GPS 11v 0376299
6273875
Below top of Bank 70cm
Oolitic with dark component

Grab Sample #2
Below top of Bank 80cm
Well-cemented material

Jan 21/2004
Snowed ~5cm overnight, foggy + icy drive from Fairview to pit, ~-20°C

Hole # 002

In S.E. corner of pit starting @ pit floor

0.0-1.0m Bags A+B
1.0-2.0m yellowish clay
End of hole due to yellowish clay

Total of 3 sample bags GPS 11v 0376297
Pictures #23-25/ Roll # 1 6273869

Tree Sample # 1

On cut line north of pit, picture # 1+2/ Roll # 2

GPS 11v 0376361
6273974

Tree Sample # 2

Between north cut line and pit

GPS 11v 0376342
6273926

Tree Sample # 3

East of pit but tree roots should be in bad heart formation, picture # 3/ Roll # 2

GPS 11v 0376338
6273888

Hole # 003

North central part of pit, starting on pit floor

0.0-1.0m one plastic tube + one sample bag
1.0-2.0m one sample bag (shelbee tube stuck in hole)
End of Hole due to shelbee tube in hole

Total of 2 bags and the one tube GPS 11v 0376281
Picture # 6 6273898

Jan 22/2004

Bad weather, snow, freezing rain ~(-15), 4cm of fresh snow

Drove back into 15-19-88-6w6 to sample.

Sampled small sump on N.E. corner of new lease

Lease Sample # 4A + 4B

Red clay and numerous quartzite-looking rocks in banded layers (see pictures)

Pictures # 7-11/Roll # 2

GPS 11v 0381051
6280227

Drove to 13-29-88-6w6 well lease under construction

Lease Sample # 5A + 5B

Sand and Gravel from 18" depth taken in D7H ripper trench, ~ 20m S.E. of pin

Picture # 12 / Roll # 2

GPS 11v 0381616
6281707

Drove back to Worsley Pit

Hole # 004

Top end of pit (north) central working to south access with holes 004-008

0.0-1.0m	Bags A+B
1.0-2.0m	Bags A+B
2.0-3.0m	Bags A+B
End of Hole	

Total of 6 Sample Bags GPS 11v 0376275
6273896

Hole # 005

0.0-1.0m	Bags A+B
1.0-2.0m	Bags A+B
End of Hole	

GPS 11v 0376278
6273890

Hole # 006

0.0-1.0m	Bags A+B
1.0-2.0m	Bags A+B
End of Hole	

GPS 11v 0376279
6273881

Hole # 007

0.0-1.0m	Bags A+B
1.0-2.0m	Bags A+B

GPS 11v 0376280
6273874

Hole # 008

0.0-1.0m	Bags A+B	
1.0-2.0m	Bags A+B	Clay @ 1.8 m depth

GPS 11v 0376283
6273866

Jan 23/2004

Weather ugly again, snowing, ~5 cm fresh snow overnight

Drove to "Spider Claims"

-Twp Rd. 863,Rg Rd. 45
-Talked to Devon operator
-Talked to buffalo farmer (Paul Hanan), Good access to claim via P.H. farmland
Good place to start in summer exploration.

Pictures 19-21, Roll # 2: near P.H. farm looking S.E. (good looking area for possible o/c)

Drove south then east and back north to Devon well 7-24-85-5w6. Snowing very hard.

Drove to Montagneuse Lk. Road. Log trucks make this road a dangerous place to stop or even travel on.

Found suspected o/c of Bad Heart Formation along Road to Montagneuse Lk. in slump area ~ 60m off road. Staked and took 4 grab samples from o/c. Each sample from different layer in o/c. Did not describe in log book due to pen frozen while at the o/c, but took pictures 1-13 / Roll # 3 to identify samples if needed at a later date.

Samples Labeled:

Mont o/c	GPS (at road) 11v	0407623
Sample # 1 (A-D)		6261422
Jan 23/2004		
LBV		

Drove north from Stoney Lk. Rec. Area to intersection with Silver Creek Rd. went north to Canfor # 49 but the road not plowed and too rough to travel. Turned around and went back to Silver Creek Rd., went east until first curve (edge of claim). No obvious o/c of Bad Heart, but should review in summer. Went north off Silver Creek Rd. to Bonavista well site 8-16-88-3w6. This is a good access for a summer exploration program.

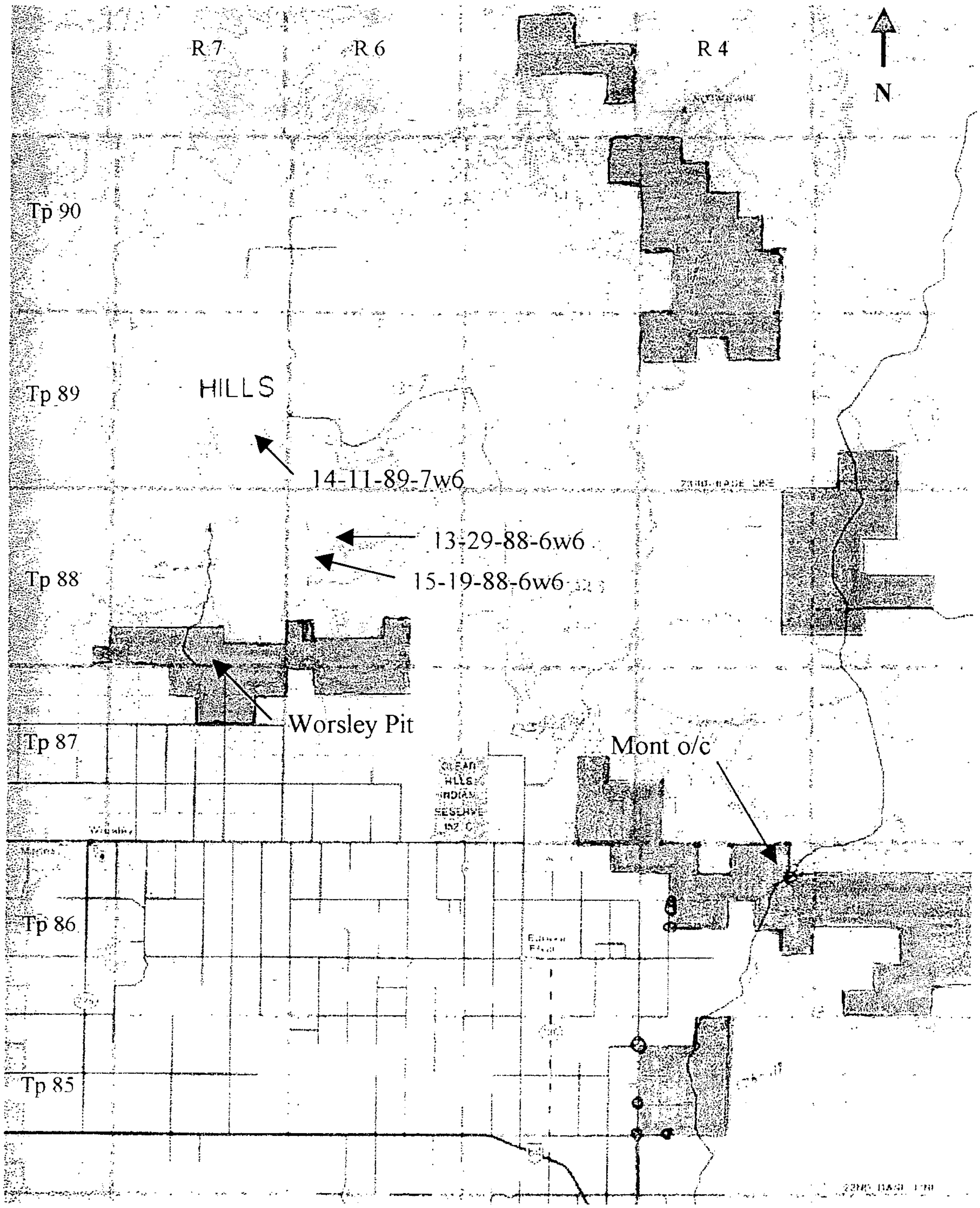
Drove back to Fairview in snowstorm.

Jan 24/2004

Loaded all samples stored in hotel room and demobed to Edmonton via Slave Lake route. Delivered all samples to Glenn Hartley at his residence the evening of Jan 24/2004.

Lester Vanhill

Locations of Sample Sites
For
Mineral Exploration
January 18-24/2004



Not to Scale

Index Prints

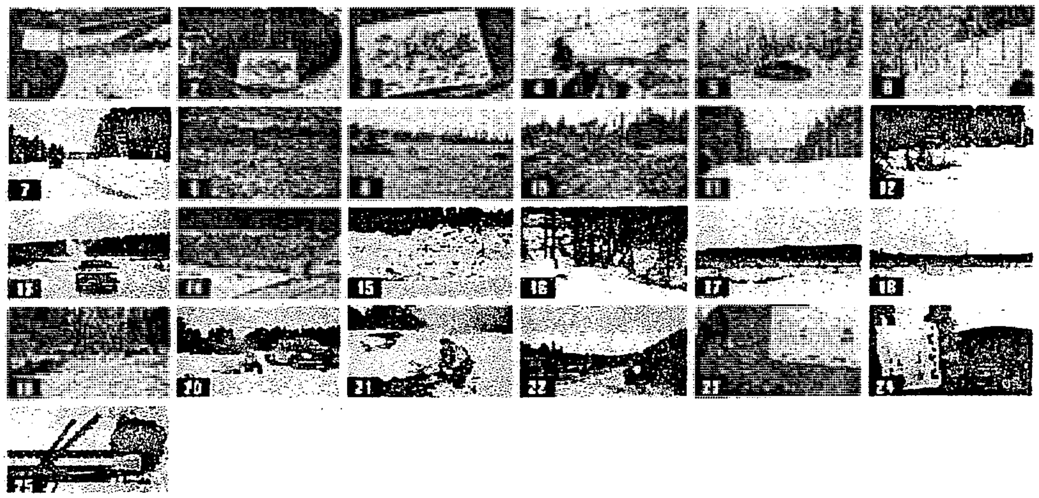
For

Log Book Data

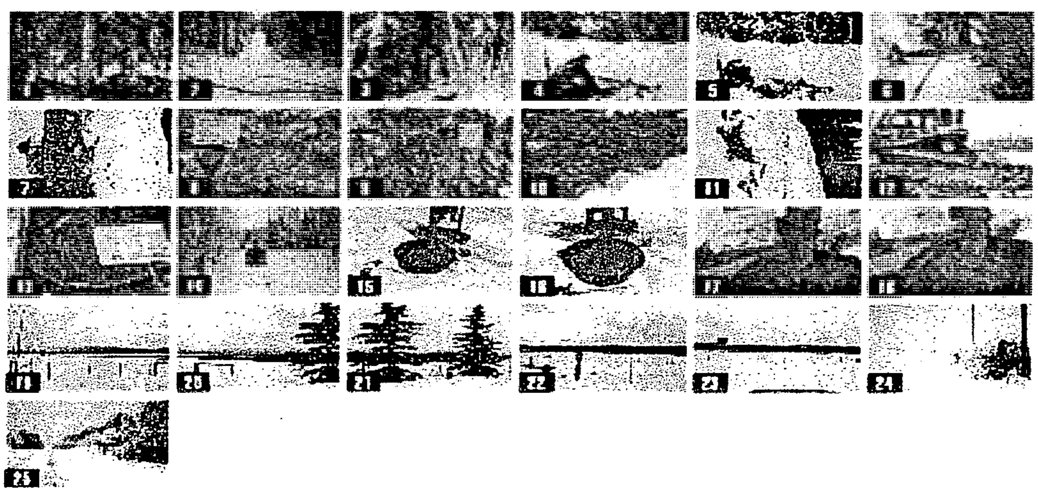
Lester Vanhill

January 18-24/2004

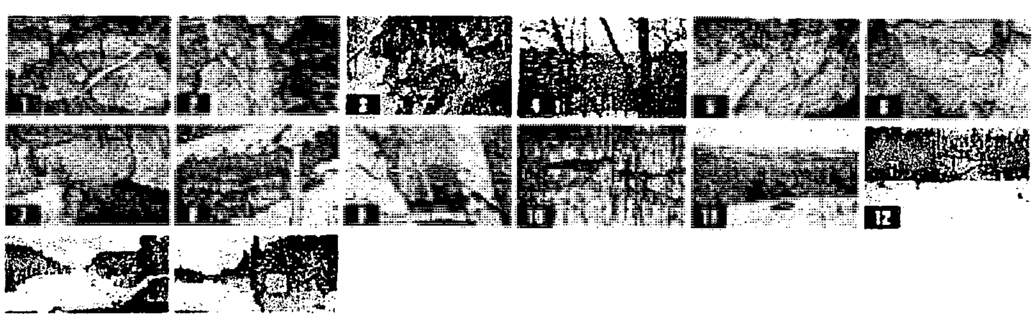
Roll # 1



Roll # 2



Roll # 3



Geologists' Reports : Summary of the 2001, 2003 & 2004 Sampling Programs

Bedrock Sampling

of the

Badheart Formation

near

Worsley, Alberta

NTS 84 D 11
119' 02" West 56' 36" North

Work done
July 29 through August 4,2001
August 15 through August 17,2003
January 18 through Jan 24 ,2004

By

G.S. HARTLEY P. GEOL.

For

K.Richardson

MAR 15 th, 2004

PROFESSIONAL GEOLOGIST
GLENN S. HARTLEY
ALBERTA

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Summary

This technical report summarizes the results of exploration conducted on the Bad Heart property and makes recommendations for further exploration. The report was prepared at the request of AGAU Resources INC. and was written under the guidelines of N 43- 101.

north ?

The Badheart property is located in NTS 84D, approximately 5 kilometers south of the hamlet of Worsley Alberta. The property consists of 5 Mineral Exploration Permits, numbered 9302010076 through 80 comprising approximately 24196 hectares, under option from 695491Alberta Ltd and World Wide Joy Corp, both private Alberta corporations .

Previous work by Others

The Iron ore potential of the Badheart property was recognized by local farmers 1920's,and intersected during the drilling of oil exploration wells (McDougall, 1954). Subsequently, a total of 245 holes were cored between 1954 and 1965 to test the Clear Hills iron deposits (McDougall, 1954); (Edgar, 1960). The estimated proven, and possible reserves were estimated to exceed 1 billion tonnes at a grade of 32% iron.

In the mid 1990's, when the deposit was evaluated by Marum Resources Inc. (Marum) of Calgary, Alberta for its iron potential, as well as for potential co-product elements such as gold or other metals. Marum reported the occurrence of sporadic gold values from 3.0 to 25 g/tonne Au within the Iron formation, Assessment by members of the Alberta Geological Survey failed to duplicate Marum's reported gold values, however anomalous values to 160 ppb Gold , Arsenic to 11000 ppm and Antimony to 75 ppm were also obtained.

Work by AGAU Resources INC

July 29-31, 2001

The Author was requested by Mr. Kenneth Richardson to conduct field reconnaissance and collect grab samples of the Worsley pit and Notikewin area, 5 samples were collected, as under chain of Custody procedures, a spilt of each sample, was turned over to Mr. K. Richardson and the remainder was forwarded to the Saskatchewan Research Facility(SRC) for analysis

August 15-19, 2003

The author was requested by Mr. Kenneth Richardson of Edmonton to sample surface exposures of the Bad heart formation for chain of custody purposes. Samples were collected with a hand held auger drill. Ten samples of the Bad Heart formation were collected by drilling vertically to a depth 1.0 m into outcrop exposures . The cuttings were collected by hand and placed into labeled cloth bags for analysis, Holes AH-03-01 through AH-03-06 were forwarded directly to the Saskatchewan Research Facility.

A split of the cuttings from all holes AH-01-03 through AH-03-10 was provided directly to Mr. K. Richardson for his own testing

January 18-24, 2004

The Author was requested by Mr. Ken Richardson to undertake a short field program of field reconnaissance and Truck mounted auger drilling of various sites in the Worsley area permits. Field reconnaissance and drilling was undertaken by Geological Technologist, Lester Vanhill, A total of eight 4 inch auger holes were drilled to a maximum depth of 4.5 meters, 9 two kilogram grab samples were collected from various outcrops and tills on the property. Samples were collected and placed into secure storage in Edmonton under Chain of Custody.
Ten representative Samples were sent to Loring Laboratories of Calgary for analysis for: gold, silver, arsenic, antimony, and platinum group metals

1.0 Introduction and Terms of Reference

1.1 Introduction

This technical report was prepared at the request of Mr. Kenneth Richardson of AGAU Resources INC of Edmonton Alberta.

1.2 Terms of Reference

This report is for the purpose of providing full disclosure of the technical aspects of the Company's primary asset and satisfying certain requirements of the Alberta Securities Commission and the TSX Venture Exchange. This report has been prepared under the guidelines of National instrument 43-101 and may be submitted as a Technical Report to the TSX Venture Exchange ("TSX") and the Alberta Securities Commission("ASC") in support of the property acquisition and equity financing. AGAU trades under the symbol TSX:AGS.

The Company provides an Annual Information Form (AIF) as part of the continuous disclosure requirements and this report will provide up to date information on the Company's properties in support of the AIF.

1.3 Purpose of Report

The purpose of this report is to provide an independent evaluation of the exploration potential of the Badheart property. This report makes recommendations for further exploration to determine the extent of mineralization currently known on the property. The report conforms to the guidelines of National Instrument 43-101.

1.4 Sources of Information

Outside sources of information utilized in the undertaking of this report consist of exploration, geological and other reports available in the public record and from private corporate files. Where cited, references are referred to in the text by author and date.
Complete references are provided in Section 18 of this report

1.5 Field Examination

The senior author of this report, Glenn S. Hartley, P. Geol., has personally visited the project site on two occasions.

Initial reconnaissance and hand sampling of out crops was conducted, July 29 through August 4 2001, ten out crop samples were collected under chain of custody and sent to the Saskatchewan Research facility in Saskatoon for testing.

Follow up sampling was done , August 15 through 17 2003, to examine the project site, assess the geological setting, mineralization and alteration on the property. Ten Shallow drill holes numbered AH-03-01 through AH-030-10 were drilled with a Gasoline powered hand held auger drill in order to obtain representative samples of the Badheart formation. Dual samples were collected by using a 2.5 inch auger, the pilot hole was enlarged by drilling a 4 inch diameter auger. The cuttings were collected and placed in numbered cloth bags , then poly bags and then into numbered plastic pails. The 2 inch auger cuttings were released to Mr. Richardson and the 4 inch diameter hole cuttings were and submitted to the Saskatchewan Research Facility('SRC") in Saskatoon for analysis.

Available Sample results are discussed in Section 8 (Exploration), Section 9 (Sampling and Security) and Section 10 (Data Verification). Samples obtained from auger drilling during 2004 were collected by Mr. Lester Vanhill under the direction of Glenn Hartley P.Geol , these samples have been placed in secure storage in Edmonton Jan 25 th 2004

2.0 Disclaimer

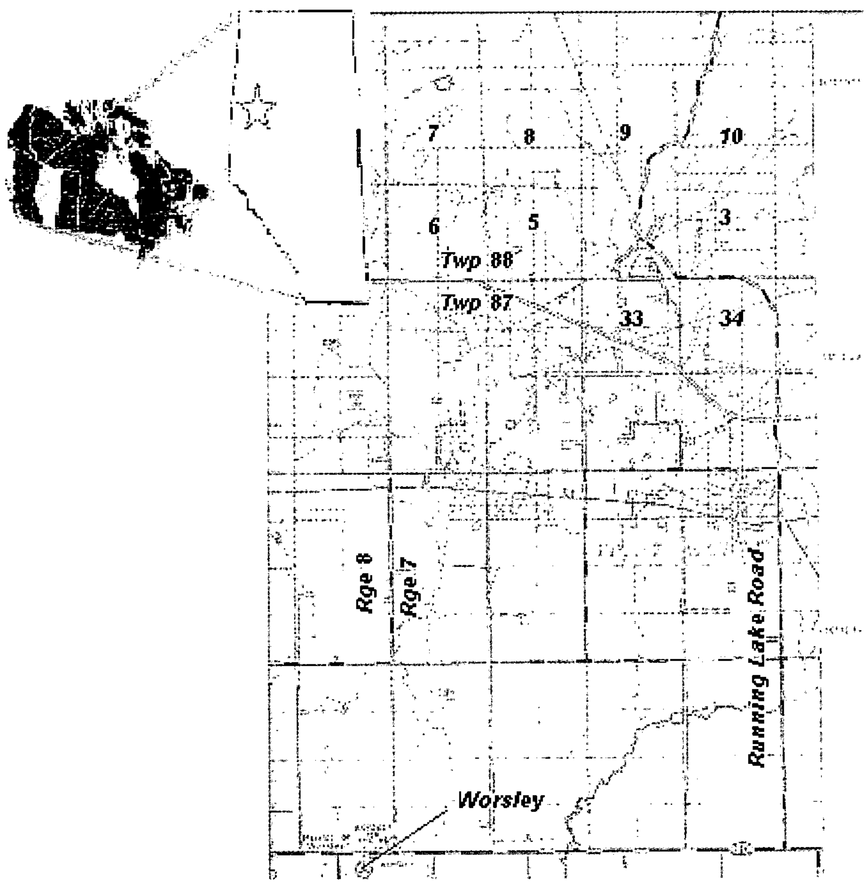
The author has relied on information, reports and geologic maps generated by numerous exploration programs over many years carried out by major and Junior mining companies and the AGS. The work is considered to by reliable and fieldwork conducted by the AGAU confirms the accuracy of the data in the areas that field work was conducted. The data reported by these entities are reported without comment as judged appropriate. The work conducted by the different entities appears to conform to standard exploration practices in use at the time, but the author has not independently confirmed the accuracy of all of the data.

The author collected field samples, and oversaw drill programs during his employment with AGAU, did personally conduct or supervise the programs of sampling ,included in the preparation of this report.

The descriptions of the properties provided herein, including Metallic mineral exploration Permit numbers, areas, locations, etc, are for general orientation purposes only and are not to be construed as legal descriptions. No opinion on ownership is given or implied. The properties are located in the province of Alberta and most of the investigative work carried out to date was done by Canadian-based Companies and Government funded Geoscientists, Accordingly, most of the quantities and other measurements are reported in Metric units.

3.0 Property Location and Description

The Clear Hills iron deposits underlie all or much of the Clear Hills in northwestern Alberta, which are about 80 km northwest of the town of Peace River, Alberta, and about 480 air-kilometers northwest of Edmonton (Figure 1). The deposits are primarily within National Topographic System (NTS) map-areas 84D and 84E.



Map 1: Location map showing local access, well sites and pipelines north of the hamlet of Worsley Alberta

3.1 Access

Access to the region is by paved highway# 64 west of Fairview Alberta. Year-round access to Worsley is excellent as the graveled portion north of Highway #64 is the main transportation corridor for employees of the local Gas processing facilities and the local farming community.

Local access to the southern permits is by the well graveled and maintained Running Lake road, the unimproved Canfor logging road (designed for winter access only), and a well maintained system of graveled lease roads developed to insure daily access by employees of the Oil and Gas industry. A network of existing and partially overgrown Seismic cut lines and pipeline right of ways provide additional access for quads and four wheel drive vehicles, some of the permit areas have been recently logged providing additional unrestricted access for low ground pressure (tracked) vehicles..

Farther north, the deposits which crop out along Rambling River (formerly called Swift Creek) are accessible by foot from the dry weather, gravel road that extends to the Notikewin forestry tower and airstrip. In general, other than these locales, access to other places in the Clear Hills is best done by helicopter, or in winter by skidoo along several seismic lines which transect this area. The iron deposits extend at least 40 km to the east and 35 km to the north from the Worsley Pit, which is the southernmost exposures of the Clear Hills iron deposits and is located about 10 km northeast of the community of Worsley, (Map 1)

3.2 Physiography

The area is dominated by the Clear hills to the north and flat farm land to the south. The resistant Badheart formation is exposed on the tops of the hills west of the Running Lake Road.
The rolling Prairie topography in the vicinity of the Clear Hills has an average elevation of about 700 m. The Clear Hills form a gently sloping upland that rises from east to west, reaching elevations that locally reach up to almost 1,100 m near their southwestern margin and to the north along Halverson Ridge. Local relief is about 300m along the southern margins of the Clear Hills, but to the north and east the hills slope gradually into the wide glaciated valleys of the Notikewan and Whitemud Rivers and their tributaries. The terrain within the Clear Hills is rolling and thickly wooded, with the dominant species being spruce on the uplands, poplar on the slopes, and willow along the rivers and creeks; muskeg only covers small areas of the upland (Kidd, 1959). The Clear Hills originated as post-Cretaceous monadnocks, which subsequently were modified by Pleistocene glaciation. The Hills are underlain by nearly flat-lying sandstone and shale units of Late Cretaceous age, and these are overlain by unconsolidated glacial and alluvial deposits of variable thickness that locally reach up to 35 m thick.

Plate 1: looking south from Hole AH-03-10 located on a resistive hill top, down to the flat farmland about 300 feet below, toward Worsley (about 5 km south)

3.3 Climate

The climate is typical of the Northern Alberta, cool and dry with gusty winds common, temperatures in the summer months can reach into the 30's and drop to sub-zero 40' s in the winter months with occasional heavy snowfalls.

3.4 Local Resources and Infrastructure

Worsley is small with minimal resources comprised of a post office and hotel restaurant servicing the local population of approximately 200. The town is supplied with electric power by Trans Alta utilities and also has Telus telephone service. The local Gas processing facilities employs approximately 10-30 workers and support staff. As a result, there is a highly trained and qualified workforce locally available.

3.5 Properties

The property consists of 5 Metallic Mineral exploration Permits totaling 24196 hectares, granted by the Province of Alberta

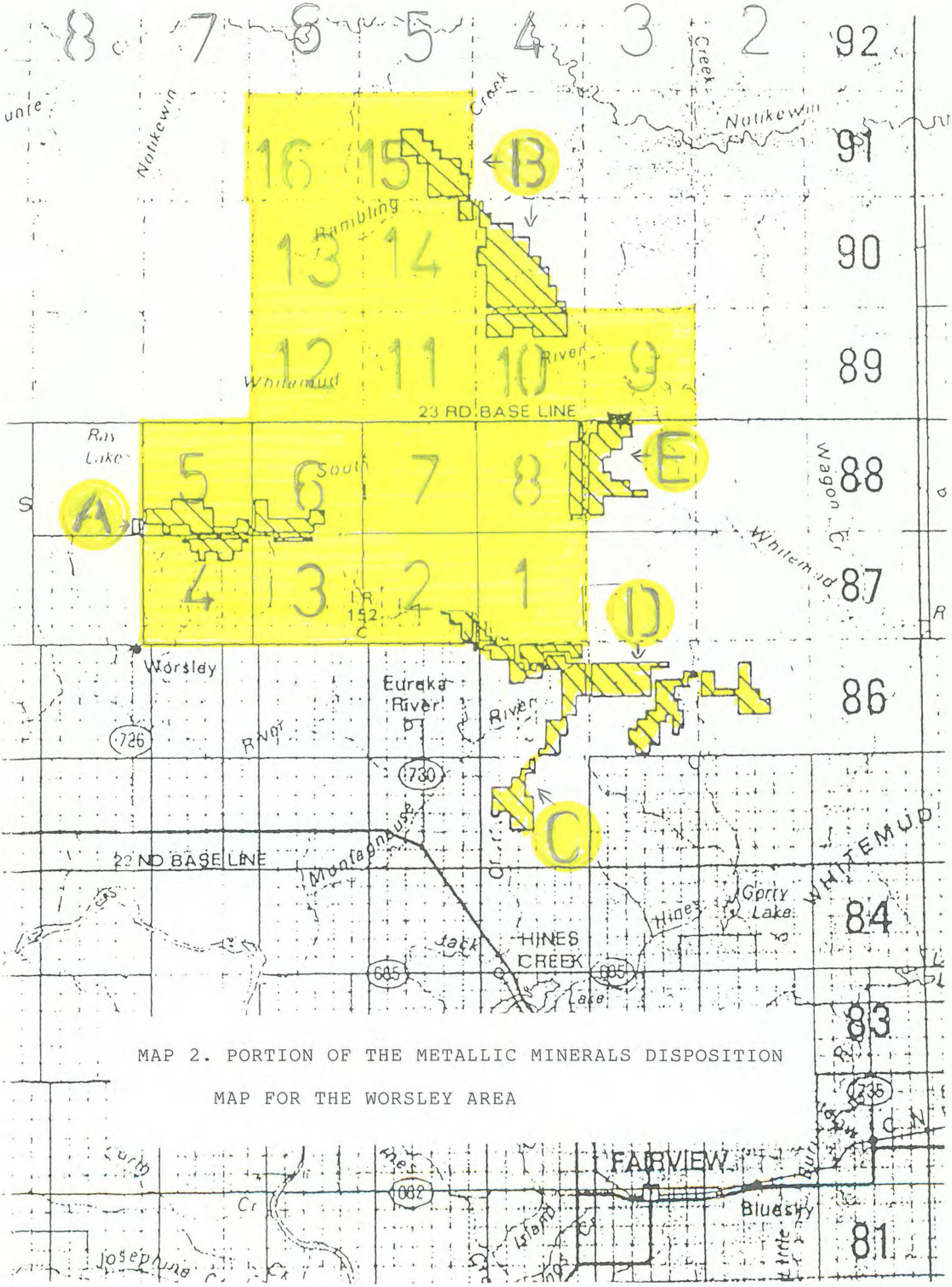
Permit Numbers and Legal Descriptions of the Badheart Properties (Correspond with the Preceding Map)

Permits Being Allowed to Elapse

1	9301100011	6 04 087
2	9301100013	6 04 087
3	9301100016	6 06 087
4	9301100019	6 07 087
5	9301100020	6 07 088
6	9301100020	6 06 088
7	9301100014	6 05 088
8	9301100011	6 04 088
9	9301100015	6 03 089
10	9301100012	6 04 089
11	9301100017	6 05 089
12	9301100021	6 06 089
13	9301100022	6 06 090
14	9301100018	6 05 090
15	9301100018	6 05 091
16	9301100023	6 06 091

Permits Being Reported On

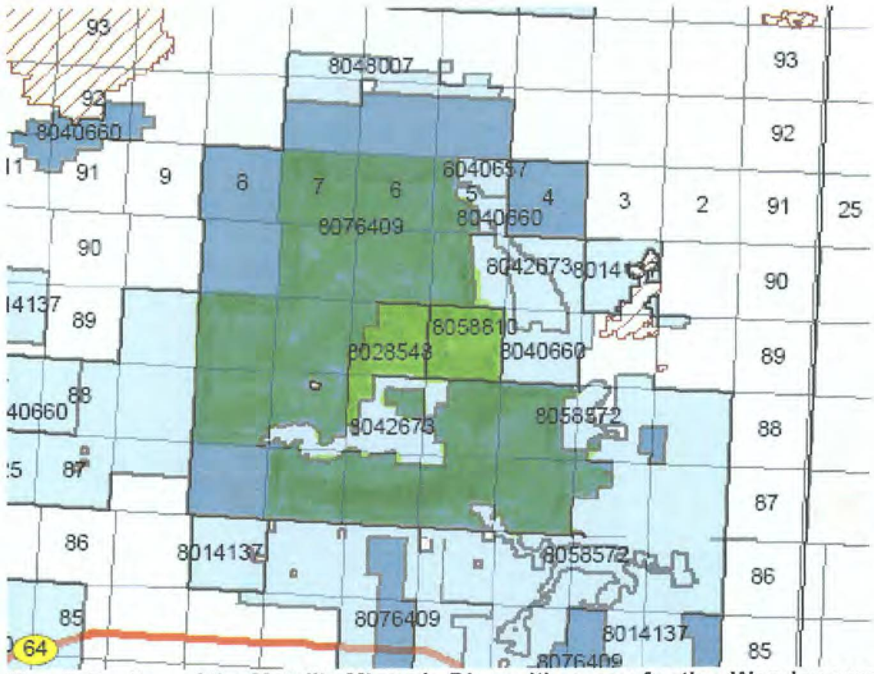
A	9302010076	Formed from parts of 6 06 087, 6 06 088, 6 07 087, 6 07 088, and 6 08 088
B	9302010077	Formed from parts of 6 04 089, 6 04 090, 6 05 090, and 6 05 091
C	9302010078	Formed from parts of 6 04 085
D	9302010079	Formed from parts of 6 02 086, 6 03 086, 6 04 086, 6 04 087, 6 05 086, and 6 05 087
E	9302010080	Formed from parts of 6 03 088, 6 03 089, and 6 04 088



MAP 2. PORTION OF THE METALLIC MINERALS DISPOSITION

MAP FOR THE WORSLEY AREA

Project lands in green



Map 2. Portion of the Metallic Minerals Disposition map for the Worsley area

4.0 History of the Area

Interest in the Clear Hills iron deposits as a potential iron resource was sparked with the discovery of *"oolitic hematite"* in the Phillips Petroleum Company Phil C No. 1 well drilled in 1953 within Lsd. 8, Sec. 23, Tp. 90, R. 5, W. 6 th Mer.1 , which is directly south of Rambling River (Swift Creek), about 5 km southwest of the Notikewin tower (Kidd, 1959). As well, similar ferruginous material was recorded in two other nearby wells (McDougall, 1954). Subsequently, a total of 245 holes were cored between 1954 and 1965 to test the Clear Hills iron deposits (McDougall, 1954; Edgar, 1960, 1961, 1962, 1963, 1964a,b,c,d,e, 1965). This work identified four separate ore reserve blocks (named Rambling River, North Whitemud River, South Whitemud River, and Worsley) that, in total, contained net recoverable reserves of 206 million tonnes proven, and 814 million tonnes probable and possible combined. The results of this evaluation work up to the early 1960's, indicated that the ore deposit was not economically developable because of its low grade and its resistance to conventional upgrading methods (Hamiltion, 1980). Little further activity occurred until 1974, when a joint research program was undertaken by the governments of Alberta and Canada to reassess the economic potential of the Clear Hills iron deposits in the light of more advanced metallurgy. To provide a large sample of the representative unweathered potential ore material for this program, a 135 tonne bulk sample was mined from beneath 15 m of overburden in the Rambling River portion of the deposit (Hamilton, 1974). This bulk sample was used for studies of various ore dressing, mineralogy and mineability aspects (Krupp, 1975). As well, CANMET conducted a thorough investigation (1974, 1977a,b;

the deposit (Hamilton, 1974). This bulk sample was used for studies of various ore dressing, mineralogy and mineability aspects (Krupp, 1975). As well, CANMET conducted a thorough investigation (1974, 1977a,b; Petruk, 1976, 1977).. Following the work in the 1970's, little or no evaluation of the Clear Hills iron deposits was done until the mid 1990's, when the deposit was again evaluated by Marum Resources Inc. (Marum) of Calgary, Alberta for its iron potential, as well as for potential co-product elements such as gold or other metals. During 1995 and 1996, Marum excavated and sampled a trench at the Worsley area, and drilled 11 holes that penetrated to a maximum depth of 70 feet [21.34 m], with 9 of the 11 holes intersecting oolitic ironstone (Boulay, 1995, 1996). Marum also conducted a proprietary iron ore market study (MT Environmental Systems Inc., 1996).

5.0 GEOLOGIC SETTING

5.0.1 Structural Geology

The sedimentary strata in the Clear Hills form a gently undulating homocline, with regional dips generally to the southwest, although local reversal of dips locally result in variable dip directions (Green and Mellon, 1962). In general, the regional dips are extremely low and rarely exceed 5 m per 1 km. However, structure contours on the top of the Bad Heart Formation show that within the Clear Hills this unit is mainly shallowly east-dipping .
The area is underlain by the Hines Creek graben, part of the Dawson Creek Graben complex , a tectonically active basement structure created by the collapse of the Peace River Arch during the late Devonian

5.0.2 Peace River Arch

The Peace River Arch (PRA) is a deeply buried structural feature that has had a complex tectonic history extending from the Late Proterozoic until at least the Late Cretaceous. This east-northeasterly trending structure extends from the Rocky Mountain Front Ranges in northeastern British Columbia, across north-central Alberta and has a total length of at least 750 km. In northwestern Alberta, the PRA has created a wide zone of structural disturbance; in the west near the British Columbia border (120° W Longitude) it is approximately 260 km wide (as defined by its north and south boundaries near 57"00' N Latitude and 55"00' N Latitude respectively), but it narrows to the east to about 140 km wide near the Sixth Meridian (118° W Longitude). At the Alberta-British Columbia border the PRA includes uplifted Precambrian basement rocks that stand approximately 1,000 m above the regional basement elevation which exists to the north and south. This basement elevation decreases towards the east along the axis of the PRA, and is approximately 500 m at the Fifth Meridian (116° W Longitude) in central Alberta, and less that 50 m near the Fourth Meridian (114° W Longitude) in eastern Alberta.
It appears that the PRA in the Phanerozoic developed upon a pre-existing

structural zone that may have been active as early as the Late Proterozoic (O'Connell *et al.*, 1990; Ross, 1990). At present, the oldest expression of the PRA consists of uplifted and truncated Upper Proterozoic and Lower Cambrian sediments that are exposed in the Cordillera (McMechan, 1990). O'Connell *et al.* (1990) have suggested the possibility that Precambrian fault zones in the Peace River region have been reactivated throughout the Phanerozoic and that several major basement terrane contacts are coincident with: (1) trends of Devonian and Carboniferous grabens, (2) emplacement of Late Devonian dolomite occurrences, and (3) a linear Cretaceous erosional feature.
What is clear is that several episodes of crustal extension have been focussed in the northwestern Alberta region throughout the Phanerozoic, and this has influenced facies distribution and depositional architecture in northwestern and north-central Alberta (Barclay *et al.*, 1990; Hart and Plint, 1990).

5.1 Geology of the Bad Heart Formation

Oolitic sandstones of the Bad Heart Formation were initially described by McLean (1919) from exposures along the Smoky River, where the unit separated "upper" and "lower" shales of the Smoky Group. The name "Kaskapau" was subsequently applied to the underlying marine mudstones (McLearn, 1926), and the overlying mudstones were termed "Puskwaskau Formation" by Wall (1960).

Recently, Plint *et* al. (1990) restricted the term Bad Heart Formation to the variable package of oolitic sandstone, silty sandstone and sandy siltstone that is present in the northwestern Plains, with the type locality along the Smoky River. In contrast, the approximately coeval Marshybank Member is restricted to the Rocky Mountain Foothills of Alberta and British Columbia. Although these two lithological units are coeval, their internal facies, thickness, and geographic distribution are sufficiently different to merit separate names.

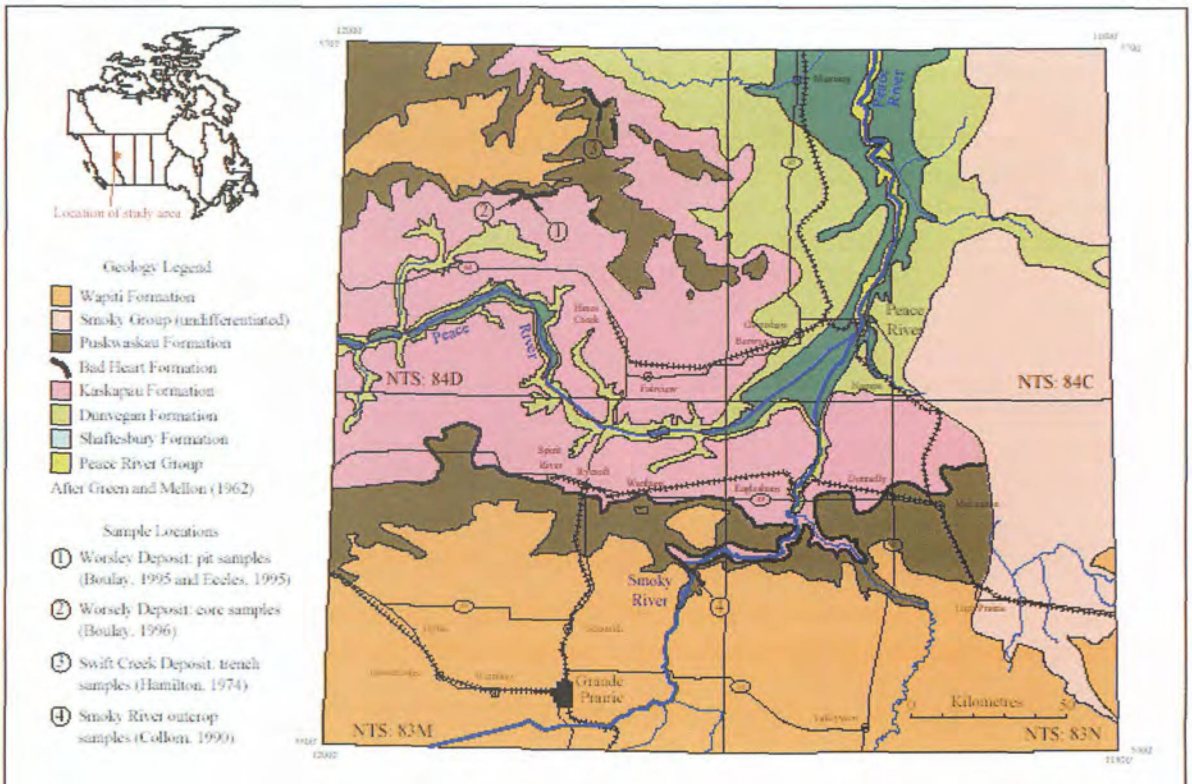


Figure 1. Location and Regional Geology of the Bad Heart Formation, Including Sample Sites for this Study.

Map 3 Regional Geology ***Source (Olson et al,1999)***

Regional Geology (NTS 83N, M and 84C, D)

Interest in iron in the Clear Hills started with the discovery of oolitic "hematite" in the Phillips Petroleum Company Phil C No. 1 well, which was drilled in 1953 (Petroleum and Natural Gas Conservation Board, 1955). Follow-up exploration, between 1953 and 1957, outlined two separate ferruginous deposits, the Rambling River and the Southern Clear Hills deposits, that each contain from 500 million to 1 billion tons of ferruginous ironstone with a grade averaging about 33% iron (Kidd, 1959). In this report, the Clear Hills iron deposits are referred to with respect to their best exposures, which from north to south are the Rambling River, Whitemud River, South Whitemud River and Worsley deposits

McDougall (1954) first noted that the Peace River iron ore contains a higher percentage of silica in the form of quartz and opaline material than other oolitic iron deposits, such as the Clinton type iron ore in New York State and Alabama, United States of America. The nuclei of many Bad Heart ooids, particularly in the Clear Hills, are highly angular fragments of crystal-clear quartz and/or glass, which range from about 0.40 mm to 4.0 mm in longest dimension (Collom, 1999,) .

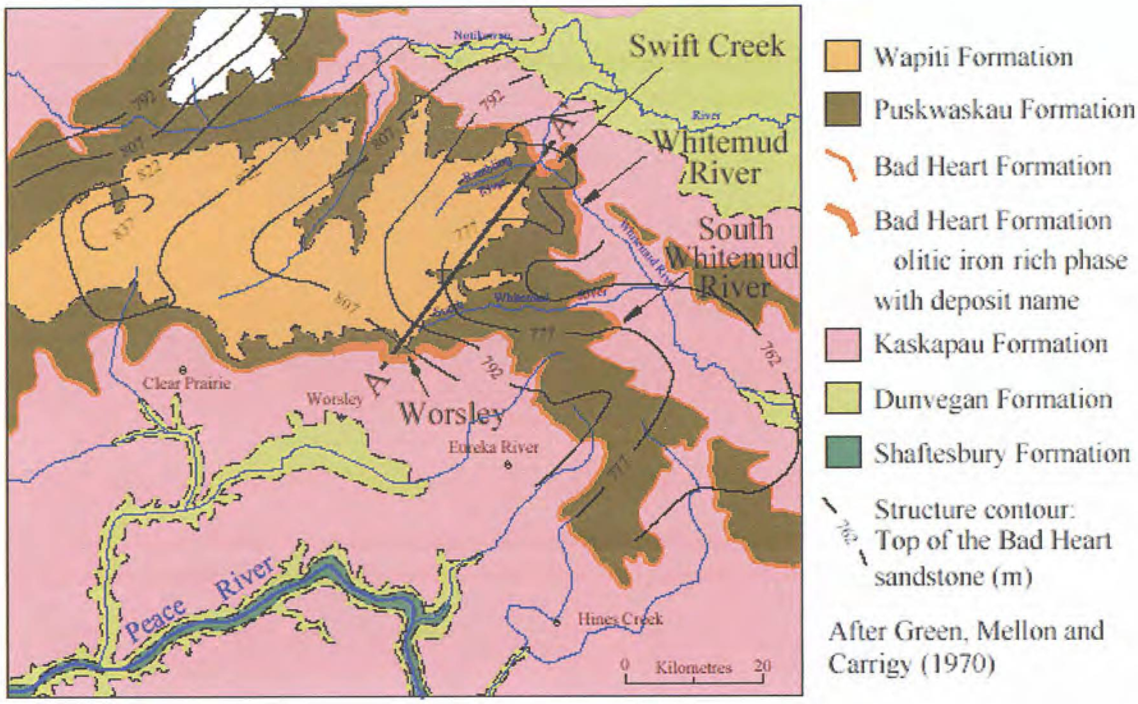
Petruk *et al.* (1975, 1977) was the first to describe the unusual iron and silica mineralogy of the Bad Heart ooids .He *(Ibid.)* made comparisons of the Upper Cretaceous Bad Heart deposits with recent hydrothermal nontronite deposits in Africa, South America and the Red Sea.

The saturation of these fault and fracture-transported fluids and gases with respect to methane, iron, hydrogen sulfide, and other compounds attracts a very diverse association of benthic marine invertebrates, particularly chemosymbiotic species (Haymon and Koski, 1985; Postgate,1979). This is considered a primary reason for the extensive shell beds and fossil accumulations within the Bad Heart Formation, and other similar stratigraphic units deposited in the Late Cretaceous seaway elsewhere in western North America (Kauffman *et al.*, 1996). As well, this type of seafloor seep system also provides the raw material for the formation of ferruginous and siliceous ooids, such as those in the Bad Heart Formation. Additionally, ash from volcanic eruptions which may have occurred near, or even within, the seaway and PRA may have been a source of the elements that form the goethite (and minor chamosite) in Bad Heart ooids (Sturesson, 1992; Collom,1998).

5.2 Deposit types

Hamilton (1980) described the Clear Hills iron deposits as *"an oolitic iron-rich facies of the Bad Heart Sandstone ... The deposit crops out on the southern and northeastern flanks of the Clear Hills in northwestern Alberta, and is essentially flat-lying and extends back from outcrop to underlie a large area of the Hills. Lithologically, the deposit consists of dark brown and green to black, ferruginous oolite, forming a bed up to 10 m thick. The ore bed is thickest in the northeast (Rambling River) segment of the deposit, thinning westward to zero as the oolitic facies passes into siltstone and argillaceous sandstone. It is overlain and underlain by grey marine shales of the upper and lower Smoky Group. ... In gross lithology the iron formation consists of dark brown and green to black oolitic ironstone, with thin lenses and interbeds of hard sideritic ironstone and greenish grey mudstone. Near the outcrop margin the oolite has been oxidized to form a soft, compact, reddish brown aggregate with harder carbonate cemented lenses. The oolites, about 0.4 mm in diameter, form 60 to 70 per cent of the rock in the upper part of the bed and decrease in amount toward the base, to only 20 to 25 per cent. The detrital mudstone, with forms the matrix throughout the oolite bed, thus becomes the dominant lithologic fraction at the base. The oolite* [unit] *appears to be a single massive bed. In unweathered exposures stratification is only vaguely defined. There are no distinct bedding plan surfaces or sedimentary structures to be seen within the unit. The upper contact with the Puskwaskau Formation is sharp; however, in most places on the flanks of the Clear Hills the Puskwaskau shale has been stripped back by glaciation and the iron formation lies in direct contact with glacial till. The lower contact generally is gradational into dark silty shales of the Kaskapau Formation, although in the Rambling River sampling pit it was observed to be fairly sharp."* Although Hamilton (1974) suggested the lower contact was gradational, at least in places, more recent work has shown that the base of the Bad Heart Formation is a regional disconformity to, in places, unconformity (Leckie *et al.*, 1994).

Local Geology, Worsley and Notikewin (Swift Creek) areas



Map 4. Local Geology *Source: (Olsen et al, 1999)*

5.2.1 Southern Clear Hills, including Worsley Deposits

The Worsley Deposit area is known as a result of the exposures in a 1960 bulk sampling pit (Samis and Gregory, 1962), drilling of 105 test holes along a strike length of about 17 km completed by Premier Steel Mills in the early 1960's ,an exploration trench excavated in 1995 near the 1960's pit, and by a series of series of 10 holes which were drilled in 1996 by Marum Resources Inc. (Figure 5; Boulay, personal communication, 1996). These data were used to prepare a composite sequence of the Bad Heart strata at the Worsley area (Figure 6). Friable, red-weathering ferruginous sandstones are traceable in more than 15 outcrops along the southern slopes of the Clear Hills for approximately 60 km at elevations ranging from about 795 m to 830 m asl (Kid, 1959). In places, the exposures of oolitic ferruginous sandstones reach thicknesses of greater than 9 m, and typically average more than 2 m. Most of the sandstone exposures are less than 30 m long, hence the continuity between outcrops is uncertain. There may be erosional or depositional gaps between the outcrops, and hence the subsurface continuation of the ferruginous oolitic sandstone may be a relatively continuous sedimentary bed, or may comprise several lenses. In general, the Worsley iron formation consists of dark brown and green to black oolitic sandstone, with chert pebbles and thin clasts and lenses of hard sideritic ironstone and greenish grey mudstone. The top part of the section contains two distinct conglomeritic layers, 15 cm and 30 cm thick. The ooliths are 0.4 mm to 0.6 mm in diameter and decrease from about 65+% near the top, to about 20% near the base of the section. The detrital mudstone, which forms the matrix throughout the oolite bed, thus becomes the dominant lithologic fraction towards the base. The contact at the base of the Bad Heart at the Worsley area is not as sharp as that at the Rambling River Deposit. Instead, at Worsley, the Bad Heart appears gradational into dark silty shale of the Kaskapau Formation (Hamilton, 1980). The transition to Kaskapau shales occurs over a 30 cm interval, where a rusty weathered clay in direct contact with the oolitic sandstone, changes gradationally to a buff-yellow-grey clay with quartz and black cherty particles thought to resemble bentonite, and finally, into a grey clay thought to represent the Kaskapau Formation (Dufresne *et al.*, 1999)

5.2.2 Rambling River, Whitemud River and South Whitemud River Iron Deposits

The Rambling River deposit is known from exposures along the river and the nearby Clear Hills, from 12 holes which were drilled in 1954 ,and from a bulk sampling program that excavated approximately 15 m of overburden and sampled about 50 tonnes of the Bad Heart Formation over an interval of 8.25 m during the early 1970's (Hamilton, 1974). Along Rambling River, a ferruginous oolitic bed crops out as a weathered seam along both sides of the stream for nearly 1.2 km, at an elevation of about 780 m asl (Kidd, 1959). At least 8 m of the bed are exposed, but the base is covered. In 1974, Hamilton (1974) reported that the unit was 8.2 m thick in a large trench, but the top was erosional, hence the original thickness would have been somewhat more. The bed thins towards and is absent 14.5 km south-southwest of the Rambling River outcrop. To the northwest, there is a reported (Kidd, *Ibid*) outcrop about 1.2 km northwesterly of the most northerly exposure on Rambling River. However, the northern limit of the bed is at least about 10 km northwesterly, based on drill core data, and the upper contact is erosional beneath overlying Quaternary sediments (Hamilton, 1980; McDougall, 1954). To the southeast, exposures are limited, but the oolitic iron formation is believed to extend to south of South Whitemud River (Figure 2). Hamilton (1980) stated the Rambling River oolitic iron deposit is virtually flat-lying and undisturbed, except for two distinct sets of vertically-dipping joint planes with average strikes of 310° (N50W) and 060° (N60E) (Hamilton, 1980). In the trench excavated near Rambling River, Hamilton (1974) broadly divided the Bad Heart at Rambling River into three intervals. (1) A top section, about 0.75 m thick, that comprises reddish-brown, oxidized, oolitic iron-rich sandstone with conspicuous rounded pebbles of greenish clay material. The bottom 30 cm of this topmost interval records a transition from thoroughly oxidized, reddish-brown material to non-oxidized reddish- to greenish-brown oolitic sandstone. (2) A middle section, about 2.5 m thick, where the oolitic iron-rich sandstone becomes distinctly dark green, almost black in colour and increasingly is more massive. Lastly, (3) a bottom interval, about 5 m thick, in which the oolite content declines gradually towards the base of the Bad Heart. The Bad Heart succession is underlain by dark, bluish-grey marine clays of the Kaskapau Formation.

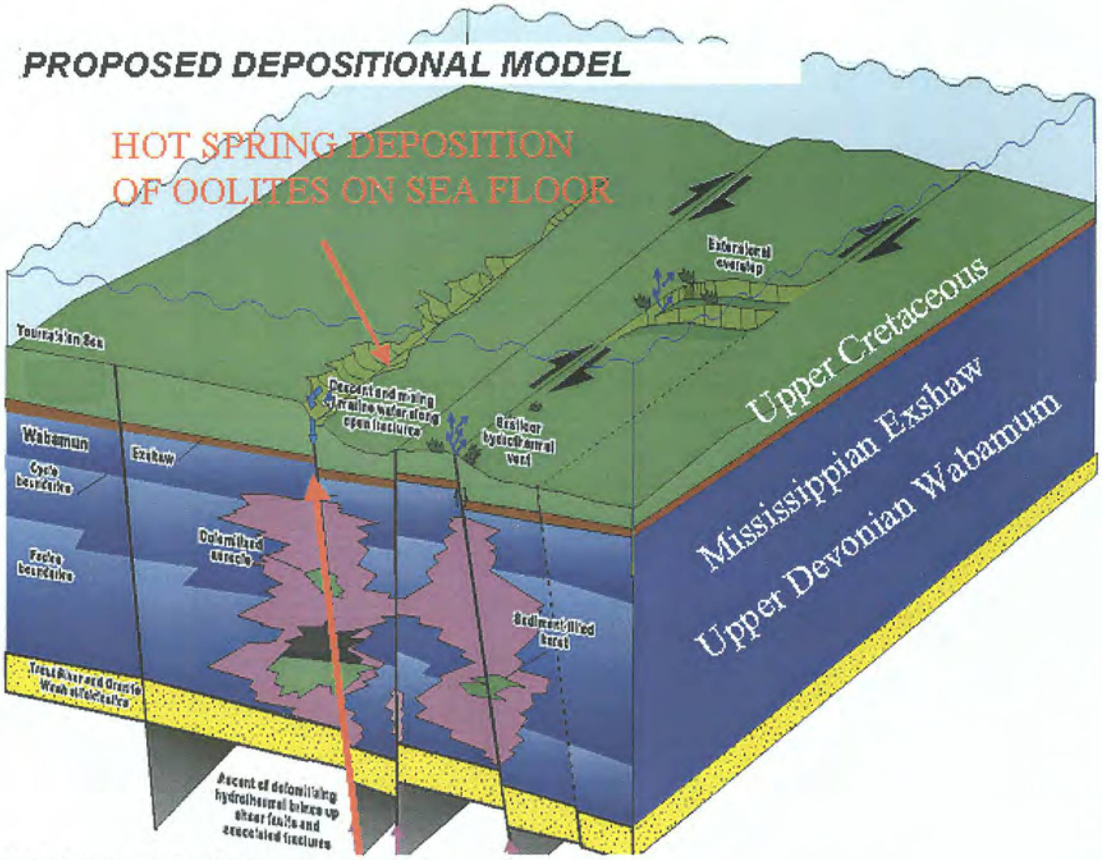
6.0 Mineralization

The oolitic section of the Badheart formation has been a source of interest for gold exploration ventures, Marum and others have reported sporadic enrichment of gold within the oolitic zone. The Alberta Geological survey and Marum collected and analyzed 151 samples of the Badheart formation during the "Study of potential Co-Product trace elements within the Clear Hills Iron deposits" research published as Special Report 08 (Olsen et al 1999).Standard analysis by INAA and fire assay methods preformed by Activation Laboratories, of Ancaster Ontario, indicated that the Badheart shows a marked enrichment in Arsenic (values to 11000 ppm) Antimony (values to 75ppm).the study shows increased values of, Cr, Mo, Ba V and W also occur.
From the data the values of antimony and arsenic are seen to be most important due to their close association with hot spring related gold deposits. The maximum gold value returned during the study was 160 ppb. near the base of the formation.
Maximum gold values reported by Marum in the course of it's evaluation of the Badheart was 25.03 grams per tonne AU (Boulay 1995,96)

7.0 Seafloor Exhalative Gold model

The Geological rational for gold deposition within the Badheart formation, as applied by AGAU suggests gold, arsenic, antimony and silica, was by Hydrothermal fluids, moving along reactivated fault structures.

Plate 2 Conceptual view of a Cretaceous eruptive event occurring in shallow marine conditions
source: http://www.iinet.net.au/~boxer



source: http://www.iinet.net.au/~boxer

Figure 1. Depositional Setting (*modified from Packard 2001)*

The Badheart formation is postulated to have been formed by the exhalation of hot brines on the sea floor (Olsen et al 1994), (Collom et al.2000) These brines were exhaled on to the Cretaceous sea floor after traveling along faults associated with the Peace River Arch, and the Dawson Creek Graben, Hines Creek Graben structures.

Thicker sections of Badheart formation has been observed to overlie strongly pyritized and bentonitic shales, these shales may represent later infill of a zone of collapse and erosion of soft sediment on the sea floor localized along the trace of the reactivated fault, due to the explosive nature of initial exhalative event .

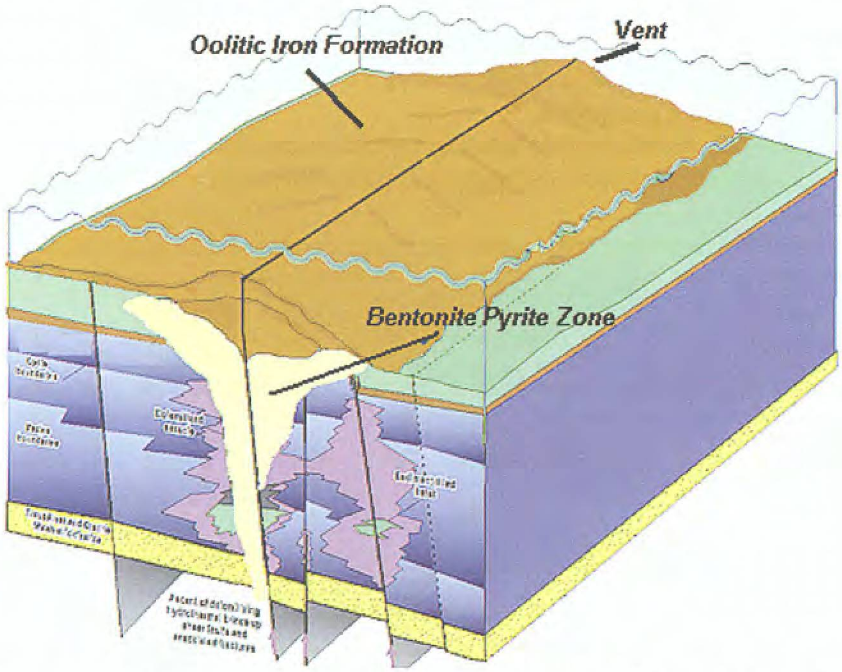


Figure 2 . Exhalative Badheart Formation and Pyritic Bentonite unit

The oolites may be formed as fluid discharge slows and the system slowly cools to a gentle outflow. Wave action may then have distributed the oolites over a much larger area than their original fault controlled formation.

All previous exploration has been directed to the oolitic portion of the exhalative system.

Alteration and deposition of silica by hydrothermal fluids have been recognized in petroleum reservoirs associated with these episodically reactivated faulted structures. (Packard et al 2001).

Thermal regimes observed in Nevada have been suggested to be analogous to those observed in Petroleum cores from the Dawson Creek graben.(Packard et al 2001).

8.0 Exploration

The Area has been explored for Iron Ore since recognition of a bedded oolitic deposit in the early 1950's. Recognition of precious metal associations is a relatively new being first explored for in the 1990's, by Marum Resources and others.

The author has personally conducted programs of field reconnaissance and auger drilling of the Bad Heart formation during 2001 and 2003.In January 2004 a short auger drill program was conducted in the Worsley pit utilizing a truck mounted auger drill 5 holes were drilled to a maximum of 4 meters.

8.1 Previous Exploration conducted on the Badheart formation Near Worlsey (1954 through 1997)

8.1.1 Iron Ore Reserve delineation drilling (1954-1965)

As stated above, the Badheart project lands have had previous detailed drilling in order to establish proven and probable iron ore reserve figures, approximately 245 holes were drilled to evaluate to iron ore deposit by previous workers
(Premier steel et al).no core is available from this previous study.
Gold content was not noted during this work.

8.1.2 Marum Resources (1995) Iron ore and Co-product study

During 1995 and 1996, Marum excavated and sampled a trench at the Worsley area, and drilled 11 auger holes that penetrated to a maximum depth of 70 feet [21.34 m], with 9 of the 11 holes intersecting oolitic ironstone (Boulay, 1995, 1996)
This data was analyzed for gold content

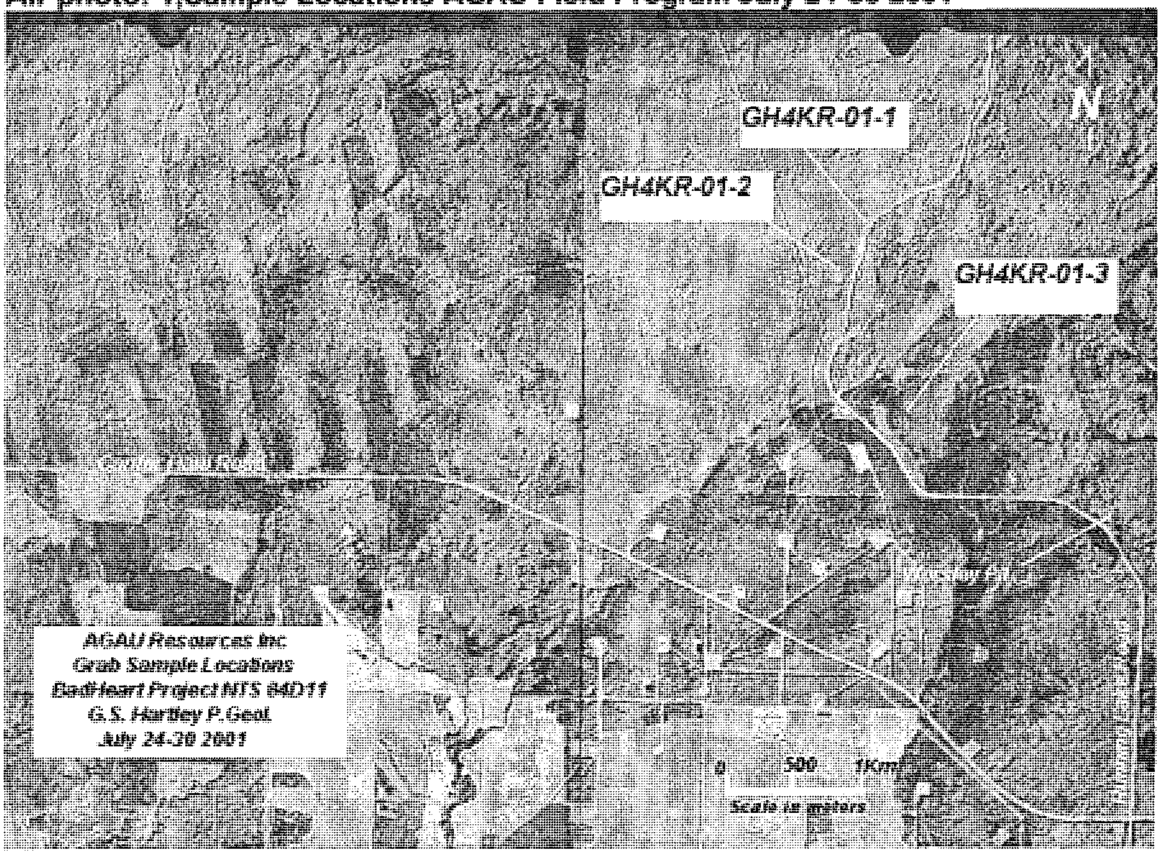
8.2 AGAU Resources Field Exploration (2001-2004)

The Author's evaluation of the Worsley Area for AGAU director Kenneth Richardson began July 24, 2001,with a program of Field reconnaissance North of Worsley , including grab sampling of the Worsley pit and Notikewin (Swift river area)
This initial program was followed by further sampling and auger drilling programs August 15, 2003,utilizing a powered hand auger and a 8 hole program, January 24, 2004, utilizing a Truck mounted hydraulic auger drill. Samples of surficial tills were also collected in 2004

8.2.1 Field Reconnaissance and grab sampling (July 24-30 2001)

During the period July 24 through 29 , A short field program was conducted to locate and sample easily accessible outcrops of the Cretaceous Badheart formation, located in the Clear hills area of Northern Alberta.
Mobilization was by truck, ATV and Bell 206 Jet Ranger. Accommodation and sundries were available from commercial outlets in Worsley, Hines Creek Grimshaw and Peace River.
Four samples were collected, from various exposures, all locations were flagged and the GPS locations were recorded, sample size was usually in the order of 30 -50 lbs. Except at the most northerly location where approximately 300 lbs. was collected.
A second set of 4 to 5 lbs. samples were collected, bagged and placed in sealed metal canisters as a "chain of custody sampling program", conducted at the request of Mr. Richardson.
These samples will remain in the care of the author until shipping instructions are received.
Sample locations follow on the Air photo and as table #1and as Appendix 3

Air photo: 1,Sample Locations AGAU Field Program July 24-30 2001



Source: Alberta Air photo AS4892-252

Table 1

Sample number	GPS Location	Remarks
GH4KR-01-1	N 56* 36" .759' W 119* 02" .752'	Road cut exposure along Running Lake Road (located .25miles@29* from GH4KR-01-2)
GH4KR-01-2	N 56* 36" .567' W 119* 02" .947'	Old pit location west of Running Lake Road Near Marum Resources drill hole location NSSTN1
GH4KR-01-3	Coordinates unavailable	Pipe line cut 600ft east of Running Lake road (located approximately .6 mi from GH4KR-01-2)
GH4KR-01-4	N 56* 51" .998' W 118* 40" .057'	Pit approx 2.5 miles west of Notikewin Fire Tower. Located 23.0 miles@39* from GH4KR-01-2
GH4KR-01-5	N 56* 29" .468' W 118* 29" .780'	km 26 of sulfer ck road ,White mud Hills area . This sample possible float derived from zone above road cut Located 22.7 miles @111* from Worsley pit

8.2.2 Auger Drilling utilizing a hand held auger drill August 15-19, 2003

The author was requested by Mr. Kenneth Richardson of Edmonton to sample surface exposures of the Bad heart formation for chain of custody purposes. Samples were collected with a Stil hand held auger drill, equipt with 2 and 4 inch diameter augers.

Sampling procedures was as follows: A 2 inch auger pilot hole was initially drilled at the sample site to a depth of 1meter (maximum auger length). The sample cuttings were collected by hand and placed in to a labeled cloth bag. The hole was reentered using a 4 inch auger and drilled to maximum depth (1 meter) and the sample again collected and placed in a labeled cloth bag for analysis.

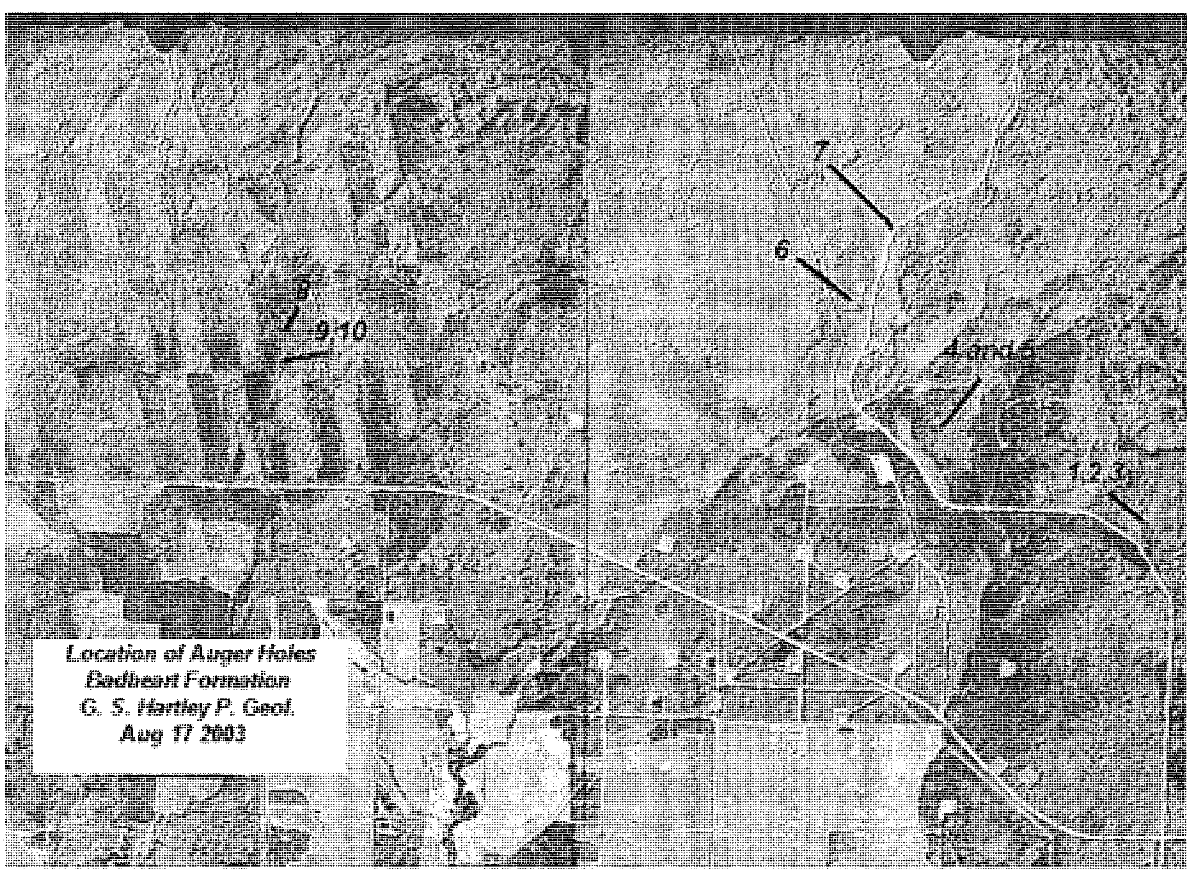
All samples were collected and stored according to Chain of custody practice.

Holes AH-03-01 through AH-03-06 were forwarded directly to the Saskatchewan Research Facility.

The 2 inch auger cuttings from all holes AH-01-03 through AH-03-10 was provided directly to Mr. K. Richardson for his own testing.

Samples AH01-07 through AH-01-10 remained in secure storage by the Author.

Air Photo 2: Sample Locations AGAU Field Program Aug 17-24 2003



Source: Alberta Air photo AS4892-252

Table 2 – Hand Auger Drilling near Worsley, August 2003
General Stratigraphic Observations

Drillhole	Depth(meter)	Remarks	
AH-03-1to3 (Worsley Pit)	1	Top of formation	Top observed
AH-03-4	1	near top?	Base observed
AH-03-5	1	Mid formation?	Base observed
AH-03-6	1	Base of formation,	Base observed
AH-03-7	1	Mid formation?	Unobserved
AH-03-8	1	Near top	Base observed
AH-03-9	1	Mid formation	Base observed
AH-03-10	1	Near base	Base observed

8.2.3 Field Reconnaissance and Auger Drilling January 18-24, 2004

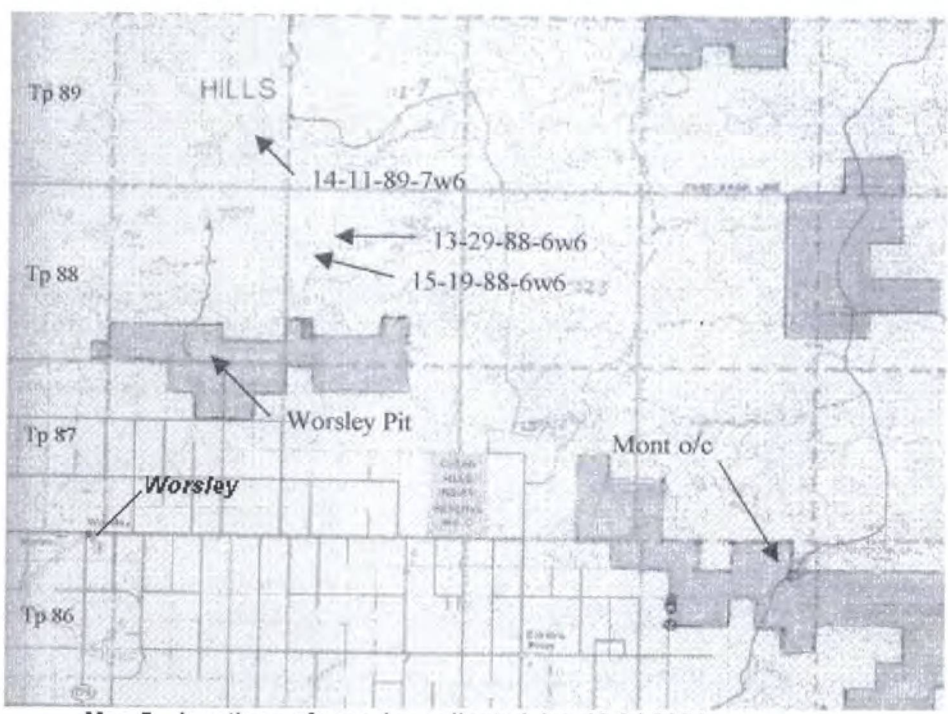
A. Auger Drilling

The Author was requested by Mr. Ken Richardson to undertake a short field program of field reconnaissance and Truck mounted auger drilling of various sites in the Worsley area permits. Field reconnaissance and drilling was undertaken by Geological Technologist, Lester Vanhill, A total of eight 4 inch auger holes were drilled to a maximum depth of 4.5 meters.

Drilling commenced on Jan 17 , 2004 and was completed Jan 24, 2004. A total of eight auger holes were completed for an aggregate sum of 19.5 meters depth .

All Drill samples were delivered to the author and placed in secure storage in accordance with chain of custody procedures, until such time that author receives further direction from AGAU.

No drill samples have been sent to any analytical facility



Map 5 locations of samples collected Jan 18-24 2004

Table 3– Truck mounted Auger Drilling, January 2004
All Holes located within the 25 meter by 25 meter area of the Worsley Pit

Drillhole	Location(GPS)	Depth(m)	Remarks
LV 001	0376270 6273900	4.5	8 sample bagged @0.5m intervals (8 bags)
LV 002	0376297 6273869	2.0	3 samples bagged @0.5m intervals (EOH is a 1meter sample of yellow clay)
LV 003	0376281 6273898	2.0	2 samples @ 1 meter each due to drilling difficulties. Shelby tube lost down hole
LV 004	0376275 6273896	3.0	6 samples bagged @0.5 meter Intervals.
LV 005	0376278 6273890	2.0	4 samples bagged @0.5 meter Intervals
LV 006	0376279 6273881	2.0	4 samples bagged @0.5 meter Intervals
LV 007	0376280 6273874	2.0	4 samples bagged @0.5 meter Intervals
LV008	0376283 6273866	2.0	4 samples bagged @0.5 meter Interval

B. Grab sampling of Surficial tills, Outcrops

Several well site locations were under construction at the time, that AGAU field crews were present on the property, lease construction provided excellent exposures of near surface till in the area.
Grab Samples of previously unsampled and unexposed surficial outcrops and till were also collected. A total of nine two kilogram grab samples were collected from various outcrops and tills on the property. Samples were placed into secure storage in Edmonton under Chain of Custody. Ten representative Samples were sent to Loring Laboratories of Calgary for analysis for: gold, silver, arsenic, antimony, and platinum group metals.
A total of 10 till samples were analyzed, the maximum value of Gold returned was 33 ppb, maximum Arsenic was 5 ppm, and Antimony 2ppm. All Platinum and Palladium values were less than 5 ppb, all Silver values were less than .01ppm (See Appendix 2)

Table 4 Till Sample Locations 2004

Sample	Location	Remarks
Lease #1/#2	**15-19-88-6W6** GPS 0381051 6280227	Till uncovered during construction of a wellsite .75 meters depth, overburden removed, pale red numerous Quartz pebbles
Lease #3	**14-11-89-7W6** GPS 0377565 6286547	Till sample from newly constructed sump on iron oxides present on well rounded Quartz pebbles
Lease #4A, 4B	**15-19-88-6W6** GPS 0381051 6280227	Till sample bottom of sump 1.5 m below level samples #1and 2, red gravels with cream layers
Lease #5A 5B	**13-29-88-6W6** GPS 0381616 6281707	Sand and Gravel 20 m. S.E of survey Pin

Table 5 Till Sample Index and Assay Report Numbers

	Loring Sample number	Field collection number
1.	1233	lease 1
2.	1234	lease 1
3.	1235	lease 5A
4.	3321	lease 3
5.	4451	lease 4B
6.	4452	lease 4A
7.	4453	lease 4B
8.	4454	lease 4A
9.	4457	lease 4B
10.	4459	lease 4A

9.0 Sampling and Security

All of the results reported here are based on sampling by G.S. Hartley P.Geol retained by the Company to conduct fieldwork. The sampling procedure is described below and was followed during the collection of samples on all of the properties. Samples are collected by an experienced geologist, or under the supervision of an experienced geologist, in a fashion consistent with the type of sample. The methodology for sample type is as follows:

9.1 Till Samples

The organic material is scraped off, down to the till ,using a shovel or geologic pick. Then a small portion of the till is excavated from the bottom of the hole by loosening the till and then using a shovel or hand to transfer the material to a small bag.. The bags are not reused. The sample number is written on the sample bag prior to closure. The sample number is also recorded in a field book with relevant notes,. Sample locations may be determined by several different methods such as GPS (Global Positioning Satellite), utilization of a detailed air photo.

9.2 Grab Samples

Samples of interest are collected by breaking up larger rocks or collecting smaller rocks. The sample is placed in a plastic bag or a fabric bag as available. Only new bags are utilized and they are specifically designed as bags for samples The sample number is also recorded in a field book with relevant notes, such as color, rock type, texture, minerals, alteration, sulfides and location. Sample locations may be determined by several different methods such as GPS (Global Positioning Satellite), utilization of a detailed air photo.

9.3 Auger Drill samples

Drilling takes place under the supervision of the geologist. As drilling progresses the geologist or Geological Technologist collects the sample at the appropriate interval and places it in a new sample bag and labels it as to hole number and depth of sample The samples are placed in clean plastic pails with lids and transported to the samplers hotel room for temporary storage. The samples are transported by a Company

personnel to the rented storage facility in Edmonton Alberta and secured in a locked storage unit.
Samples are studied and selected for assay at the sole discretion of the supervising Geologist who personally controls access to the locked storage unit.
Samples to be assayed determined, the samples are renumbered and placed in a plastic bag. Only new bags are utilized, the bags are placed in a larger sealed plastic bag then a cardboard box or sealed metal canister and personally delivered to the Greyhound Bus depot for shipment to a designated analytical laboratory
The information in the field books is then transcribed to a database and merged with the assay data once it was received. This information was then used in the ongoing exploration.

10.0 Data Verification
The author was directly involved in the management of the exploration programs and the data was collected in a manner consistent with good exploration practices.

11.0 Adjacent Properties
The Bad heart property is contiguous with claims held by or under the control of Mr. Ken Richardson director of AGAU

12.0 Mineral Processing and Metallurgical Testing
Mr. Richardson has for several years, conducted extensive, in house, analytical and extractive metallurgical testing for gold in the Badheart formation.
Marum Resources conducted co product and extractive metallurgical testing of the Bad Heart formation for iron ore
No "arms length" mineral processing or metallurgical test work for Gold has yielded consistently positive results.

13.0 Mineral Resource/Reserve Estimates
The Gold potential of the project is at a very early stage of resource evaluation. There has been an insufficient amount of drilling to prepare a mineral resource estimate.

14.0 Interpretation and Conclusions
Exploration on the property to date has defined the occurrence of, sporadic gold values, anomalous silica, arsenic and antimony, within the exhalative Bad Heart oolitic iron formation. The oolitic mineralization may be associated with reactivated basement faults of the Hines Creek Graben, Dawson Creek Complex. The Badheart has had very limited exploration for gold, no attempt has been made to establish the near surface projection of the exhalative feeder faults , or detailed evaluation of the sulphide zones known to occur at the base of the oolitic zone.
Coarse Grey Metallic fragments have been observed in several samples of the oolitic zone. The sporadic nature of these fragments may account for the variable values of precious metals.

The author concludes that the property has interesting occurrences of classical pathfinder elements and sporadic gold mineralization that warrant further investigation, as discussed in the Recommendations

15.0 Recommendations

A detailed airborne electromagnetic survey should be conducted over the Swift river area to determine the existence of any fault controlled conductors . Previous work has demonstrated that high values of arsenic in the Bad Heart exist here and the area is not developed with a petroleum pipeline network.

Any Airborne anomaly should be followed up by auger drilling and conventional assay procedures for Gold, Arsenic and PGM's

Core drilling is recommended to delineate the mineralization that may be associated with the feeder faults that allowed transport of the exhalative fluids to form the oolitic zone.

The proposed work program is outlined below in Table 4.

Table 6 - Proposed Work Program Bad Heart formation

Description	Unit Cost	Quantity	Subtotal
Rock Samples Assays	$50	1000	$50,000
Auger Drilling	$25/m	200m	$5,000
Core Drilling	$100/m	500m	$50,000
Geologist/assistant	$500/day	100	$50,000
Vehicle	$100/day	100	$10,000
Food/Lodging	$100/day	100	$10,000
Helicopter survey	$1000/km	100km	$100,000
CAT /access roads	$100/hr	50	$5,000
Mob/de mob			$5,000
Contingency			$25,000

Total Cost $310,000

18.0 References

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CERTIFICATE

I, Glenn S. Hartley of 7302-118a street Edmonton, Alberta Canada, hereby state that:

1. I am a graduate of the University of Alberta, Department of Geology (B.Sc. 1977).

2. I am a registered Professional Geologist in the Province of Alberta.

3. Since 1970, I have been employed by various mineral exploration firms, and have conducted field programs is Alberta, British Columbia, Saskatchewan, Northwest Territories and the Yukon. I have been continuously employed as a Geologist since Graduation in 1977

4. I have read the definition of " qualified person" set out in the National Instrument 43-101 and certify that by reason of my education, affiliation with a professional association(as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person " for the purposes of NI 43-101.

5. I am responsible for the Technical Report titled BED ROCK SAMPLING OF THE BAD HEART FORMATION NEAR WORSLEY ALBERTA and Dated March 15 2004.

6. I have personally visited the property on many occasions having personally conducted the first two field programs that are the subject of this report.

7. I am not aware of any material fact or material change with respect to the subject matter of this report that is not reflected in the Technical report, the omission to disclose which makes the Technical Report misleading.

8. I am independent of the Issuer applying all the tests in section 1.5 of National Instrument 43-101

9. I have read National Instrument 43-101 and form 43-101F1 and the Technical Report has been prepared in compliance with that instrument and form.

10. I consent to the filing of the Technical Report with any Stock exchange and other regularity authority and any publication by them for regulatory purposes, including electronic publication for public assess

Dated this 15th Day of March 2004

[redacted]

Glenn S. Hartley P.Geol.

[redacted]

Appendix 1
Field Investigation Drilling and Assay costs

Appendix 1.0 Statement of Expenditures

1.1 Geological Costs 2001 Field Program Conducted by G. S. Hartley P. Geol

Summery of Costs incurred July 24 to 31 2001
Sampling Program conducted for Ken Richardson

Date	**Item**	**Cost**
July 24/01	Airphotos	52.97
July 24/01	Maps from Maptown in Edmonton	14.18
July 26/01	Bags and containers Princess Auto	46.78
July 26/01	Lunch in Grande Prairie	16.99
July 26/01	Meal Grimshaw	18.60
July 26/01	Bush Snacks Peace River	20.61
July 27/01	Lunch in Worsley	14.18
July 27/01	Quad rental Peace River	214.00
July 28/01	Helicopter charter .6hr@$850.00	555.33
July 28/01	supper Grimshaw farmers rest	23.05
July 28/01	truck wash	5.35
July 29/01	lunch Hines Creek	18.60
July 29/01	Grimshaw Hotel	229.83
July 29/01	supper Boston Peace River	21.88
July 30/01	Hotel peace River	59.36
July 31/01	airphotos	14.45
July 31/01	Twp maps	16.05
July 31/01	airphotos	24.08
July 26/29	[redacted] Geologist fees	[redacted]
July 26/29	[redacted] helper	[redacted]
Jul/30	demob Peace River to Edmonton	200.00
July 26/30	1600 km @.25 truck charges	400.00
	Total Invoice	**3766.29**

1.2 Geological Costs 2003 Field Program Conducted by G. S. Hartley P.Geol.

Expenses
Trip to Worsley Alberta Friday Aug 15 through Sunday Aug 17th 2003

			Totals
Friday Aug 15th			
meals	7.48	16.21	23.69
Hotel	71.68		71.68
Misc			0.00
Saturday Aug 16th			
Meals	9.82	Rest in hotel charges	9.82
Hotel	107.94		107.94
Misc	23.54(Film)	22.97(snacks)	45.51
Sunday Aug 16 th			
Meals	5.76	6.36	12.12
Hotel			0.00
Misc			0.00
Professional fees: 3 days @$350/day			1,050.00
Truck charges: 1720 Kilometers@.55/Km			946.00
Drill rental			157.29
Airphotos			32.10
Maps			13.90
		Total invoice	**2,471.05**

1.2 Geological Costs 2004 Field Program

Mar 1/2004

Glenn S, Hartley P.Geol
7302-118a St
Edmonton
T6G1V2

Invoice

Geological fees Jan to Mar 1 2004

1. Supervise 2004 Auger Drill program
2. Assemble Bad Heart Power Point Presentation (42 slides)
3. Compile data from Geological reports 2001,2003, 2004.
4. Prepare final Bad heart Report in 43-101 format
5. View Parkland Core stored in Fort St John
6. Negotiate and rent sample storage unit for "Chain of Custody" storage.
7. Purchase storage unit lock
8. Prepare test samples for internal (Agau lab) analysis
9. Sample and ship 2004 program samples to Loring Laboratories in Calgary
10. Conduct microscope studies of 2004 till samples

12. Storage on samples 2001 and 2003 programs

Total Invoice $2000.00

SandSwamp Exploration
Lester Vanhill
Box 10, Comp 8
Dapp, Alberta T0G 0S0
780 910-7059

January 30, 2004

Re: Invoice for Professional Services January 2004 Drill Program

Professional Fees: [redacted]......................... [redacted]

Expenses:

Subsistence...........6 days/$70/day............$420.00
Mileage (car) 200km @ $0.25/km...................50.00
Supplies CFE...65.00

Sub Total:..................................$535.00

Total fees and expenses..................$2335.00
GST 126.00

Drilling:

Per Blair Nelson Enterprises Whitecourt
Drill.................................$ 1820.00
GST 127.40

Total invoice $4408.40

Loring Laboratories Ltd.

629 BEAVERDAM ROAD N.E., CALGARY, ALBERTA T2K 4W7
Tel: (403) 274-2777 Fax: (403) 275-0541 Email: loringlabs@telus.net
G.S.T. No. R103388666

INVOICE **46314**

TO: **MR. GLENN HARTLEY**
7302 - 118A Street
Edmonton, Alberta
T6G 1V2

DATE: February 12, 2004

Rock Chip Samples

10	Sample Preparations	$ 5.25	$ 52.50
10	Gold & PGM Analyses	$ 25.00	$ 250.00
10	Ag, Sb, As Geochemical Analyses	$ 12.25	$ 122.50
	Subtotal		$ 425.00
		GST	**$** 29.75
	TERMS - 30 days 2% per month charged on overdue accounts	**TOTAL**	**$** 454.75

THIS IS YOUR INVOICE, PLEASE PAY THE AMOUNT SHOWN

Appendix 2

Assay results by Loring Laboratories

Loring Laboratories Ltd.

629 Beaverdam Road N.E.,
Calgary Alberta T2K 4W7
Tel: 274-2777 Fax: 275-0541

To: **GLENN HARTLEY**
P7302 - 118A Street
Edmonton, Alberta
T6G 1V2

File No : 46314
Date : February 11, 2004
Samples : Rock chips

Certificate of Assay

"Geochemical Analysis"

Sample No.	Gold ppb	Pt ppb	Pd ppb	Ag ppm	As ppm	Sb ppm
1233	33	<5	<5	<0.1	5	2
1234	15	<5	<5	<0.1	4	1
1235	<5	<5	<5	<0.1	3	<1
3321	<5	<5	<5	<0.1	5	<1
4451	<5	<5	<5	<0.1	1	<1
4452	<5	<5	<5	<0.1	2	1
4453	<5	<5	<5	<0.1	1	2
4454	<5	<5	<5	<0.1	2	2
4457	10	<5	<5	<0.1	2	1
4459	<5	<5	<5	<0.1	2	<1

I HEREBY CERTIFY that the above results are those assays made by me upon the herein described samples:

[redacted]

Assayer

Rejects and pulps are retained for one month unless specific arrangements are made in advance.

Appendix 3

Assay Procedures by Loring Laboratories

629 Beaverdam Rd. N.E.
Calgary, Alberta T2K 4W7

LORING LABORATORIES LTD.
E-mail: loringll@cadvision.com

Tel: (403) 274-2777
Fax: (403) 275-0541

SAMPLE PREPARATION

Regular Preparation:

1) Dry if necessary.

2) Primary and secondary crush to >70% passing 10 mesh sieve size.

3) Homogenize and riffle approximately 250 to 300 gram portion and pulverize to 95% passing 140 mesh.

Coarse and/or Particulate Gold Sample Preparation:

1) Jaw crush and rolls crush material to >90% passing 10 mesh.

2) Homogenize thoroughly and obtain a 300 to 350 gram sample.

3) Pre-set pulverizer to obtain approximately 10% +150 mesh in pulp form

4 Sieve pulverized material @ 150 mesh and take the +150 mesh portion and weigh and place in a separate container.

5) Roll and mix –150 mesh portion 100 times and place in container.

629 Beaverdam Rd. N.E.
Calgary, Alberta T2K 4W7

LORING LABORATORIES LTD.
E-mail: loringll@cadvision.com

Tel: (403) 274-2777
Fax: (403) 275-0541

GEOCHEMICAL ANALYSIS FOR GOLD AND PGM'S

1) A 30-gram sample is placed into a fire assay crucible with the appropriate amount of fluxes and flour and mixed.
2) A 1 ml aliquot of silver nitrate is added to each crucible and the blank.
3) Crucibles are fused in the assay furnace for 45 minutes.
4) Fused samples are poured into conical molds, cooled, and the lead buttons are collected.
5) Buttons are cupelled in furnace to remove the lead leaving a silver bead containing Au and PGM's.
6) Silver beads are placed in test tubes and dissolved in aqua-regia.
7) Solutions are brought to appropriate volume and mixed.
8) If samples are to be analyzed just for gold they are analyzed by A.A.
9) If samples are to be analyzed for Au and/or PGM's, they are analyzed by ICP.
10) Results are reported in ppb's.

Appendix 4

Photos

Plate 3: Holes AH-03-1 (center) AH-03-2 (right) AH-03-3 (left) outcrop local name is Worsley Pit

Plate 4: Holes AH-03-4 (Skyline) AH-03-5 (upper middle)

Plate 5: Hole AH-03-6

Plate 6: Hole AH-03-7

Plate 7: Hole AH-03-8

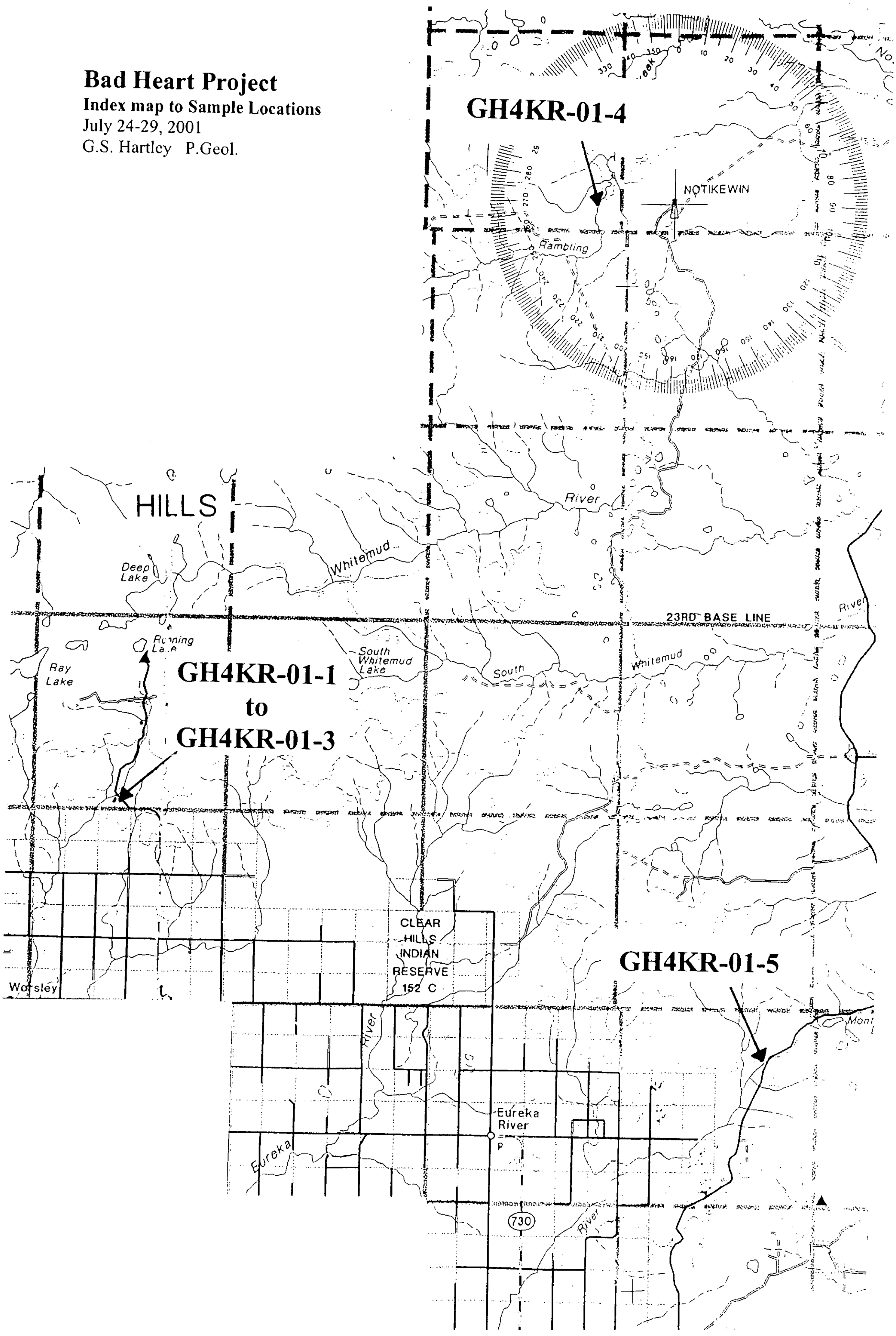
Plate 8: Hole AH-03-9

Plate 9: Hole AH-03-10

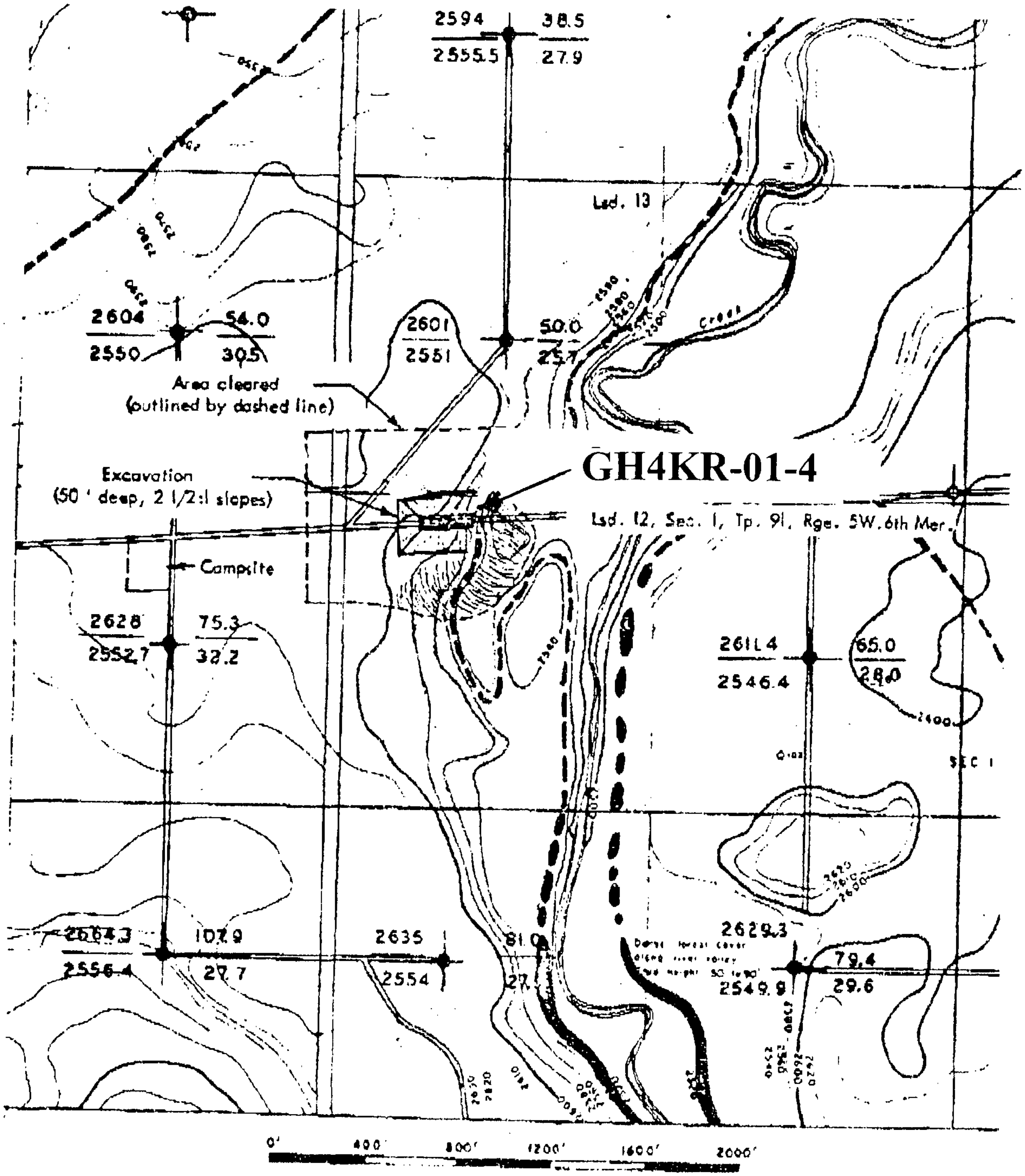
Appendix 5

2001 Sample Location Maps

Bad Heart Project
Index map to Sample Locations
July 24-29, 2001
G.S. Hartley P.Geol.



Bad Heart Project
Sample location GH4KR-01-4
Notikewin Tower Area
July 24-29, 2001
G.S. Hartley P.Geol.



Conclusions

Conclusions

A unique situation presents itself in the Badheart Formation. The iron content of the ore is well documented. For example, the 1995/96 Assessment Report, submitted by Marum Resources Inc., states that the iron content is 30-35% metallic iron.

The focus of our experimentation has been on precious metals that are also contained within the ore. Once our procedures for retrieving these values are perfected, then production could begin. Both iron and precious metals could be mined at the same time. The iron content provides at once an opportunity to increase profits and a safeguard against the possibility that the precious metal extraction won't be as lucrative as the indications show. In other words, even if the precious metal production doesn't meet expectations, the iron production will ensure that operations are profitable. Our work has shown that, once our processes have been perfected, the Badheart Formation would yield commercial quantities of precious metals. The iron content simply provides added assurance of success.

G.S. Hartley, P.Geol. has recommended an aggressive program to locate any underground fault structures that could indicate higher concentrations of precious metals. This program, described in his March 15th, 2004 report, features an airborne electromagnetic survey, a drilling program, and extensive assay work. We agree with this approach, and we plan to undertake either this or a similar program in the near future.

Statement Under Oath

STATEMENT UNDER OATH

PURSUANT TO: THE PROVINCE OF ALBERTA, Mines and Minerals Act, METALLIC AND INDUSTRIAL MINERALS REGULATION, SCHEDULE 2 (SECTION 15) ASSESSMENT WORK REPORT Part 1(c);

I, Kenneth Richardson, President of 695491 Alberta Ltd., and World Wide Joy-Way Corp., c/o Box 11, Site 14, RR#4, Edmonton, Alberta T5E 5S7,

MAKE OATH AND SAY;

1) THAT I am the author of this "**ASSESSMENT WORK REPORT 2004 : This report is relative to the Metallic and Industrial Minerals Permits Nos. 9302010076, 77, 78, 79 & 80 and 9301100011, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 & 28**" as operated by 695491 Alberta Ltd. and World Wide Joy-Way Corp.; and

2) THAT the undersigned, 695491 Alberta Ltd., World Wide Joy-Way Corp., and partners have made the expenditures of time, effort and money or work equivalent thereto, as set out in the "Statement of Expenditures" and in the "Quarterly Activities Connected with the Badheart Formation" attached hereto for the purposes of meeting the work commitments on the Metallic and Industrial Minerals Permits and for the extension of our rights and renewal of the permits under the Mines and Minerals Act of Alberta, Metallic and Industrial Minerals Regulations – SCHEDULE 2 (SECTION 15 (3-1)); and

3) THAT 695491 ALBERTA LTD. and WORLD WIDE JOY-WAY CORP., being the permitees of the subject Industrial Metallic Minerals, are both majority owned by me, the undersigned.

I SO SWEAR THIS 21 DAY OF MAY, 2004.

[redacted]

Kenneth Richardson

Debra Hemeon

AFFIDAVIT OF EXECUTION

CANADA, PROVINCE OF ALBERTA
TO WIT:

I, DEBRA HEMEON, in the Province of Alberta, a Notary Public in and for the Province of Alberta, make oath and say:

1. THAT I was personally present and did see; Kenneth Richardson, who is named as author in the **Assessment Work Report** attached hereto; execute the **STATEMENT UNDER OATH** pursuant to the Province of Alberta, Mines and Minerals Act, Metallic and Industrial Minerals Regulation, Schedule 2 (Section 15 (3-1): "Assessment Work Report," and he is herein attesting to the veracity of the **STATEMENT OF EXPENDITURES** and the **QUARTERLY ACTIVITIES CONNECTED WITH THE BADHEART FORMATION** as set out in this report; and

2. THAT Kenneth Richardson has duly signed this **STATEMENT UNDER OATH** and herein authors this report for purposes for which it was prepared; and

3. THAT the same was executed at the CITY OF EDM., in the Province of Alberta and I am the subscribing witness thereto this 21 of MAY, 2004.

4. THAT the said Kenneth Richardson, President of 695491 ALBERTA LTD. and WORLD WIDE JOY-WAY CORP., is in my belief of the full age of eighteen years.

(name) DAVID S. ROWAND

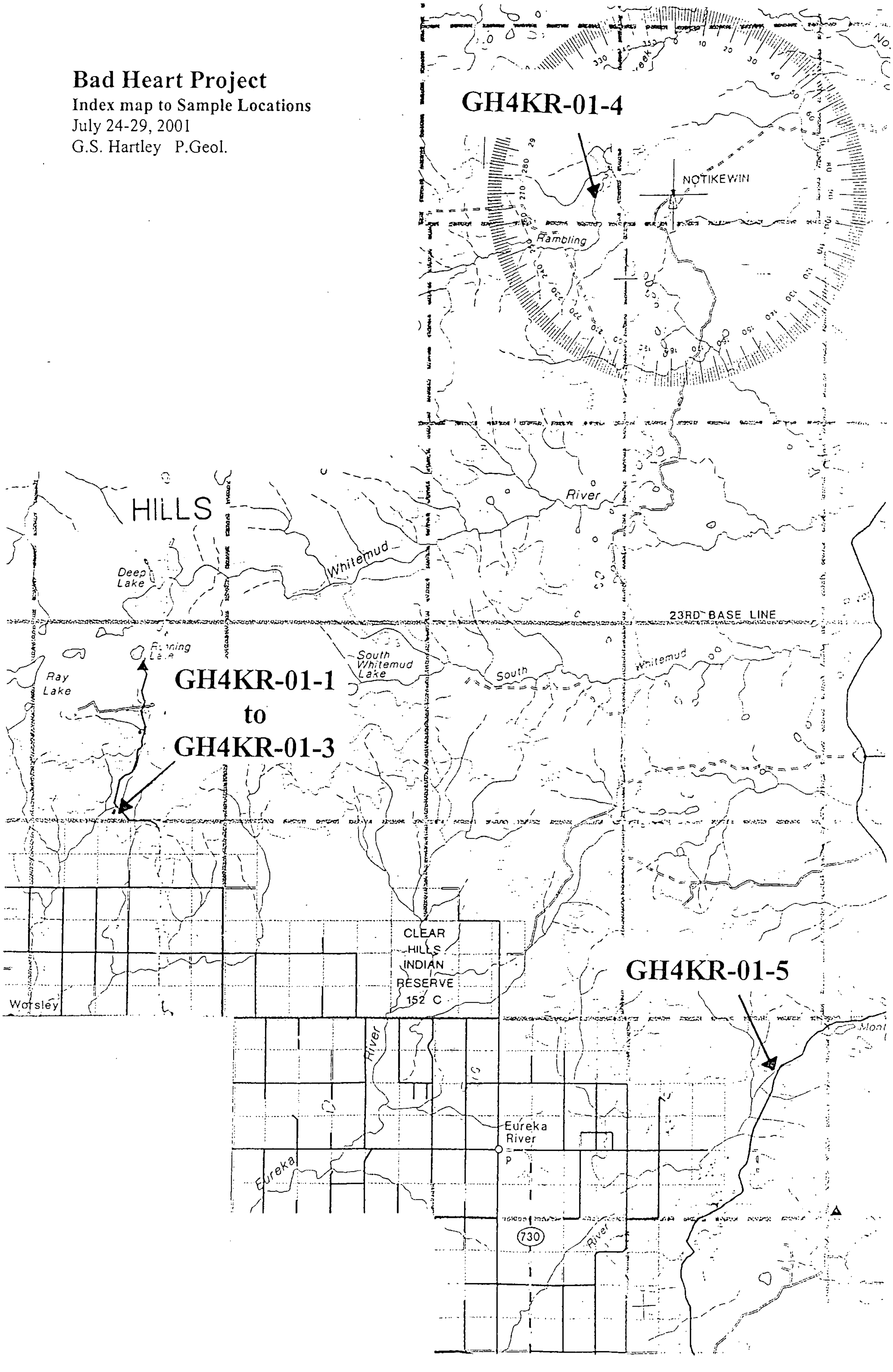
Debra Hemeon

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF ALBERTA
BARRISTER & SOLICITOR.
(NON-EXPIRY).

Appendices : Maps

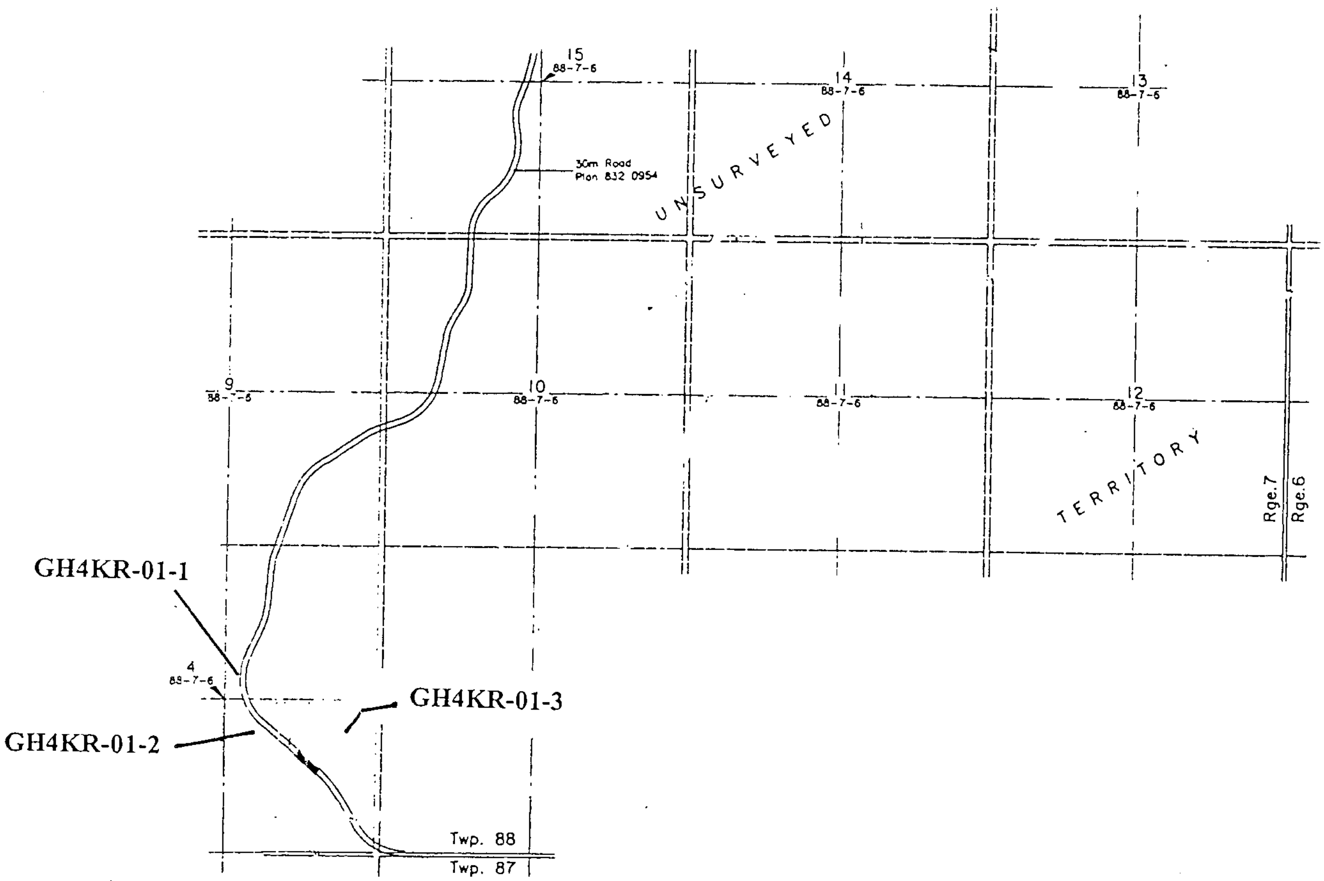
Bad Heart Project

Index map to Sample Locations
July 24-29, 2001
G.S. Hartley P.Geol.



Bad Heart Project

Sample locations
Worsley Pit Area
July 24-29, 2001
G.S. Hartley P.Geol.



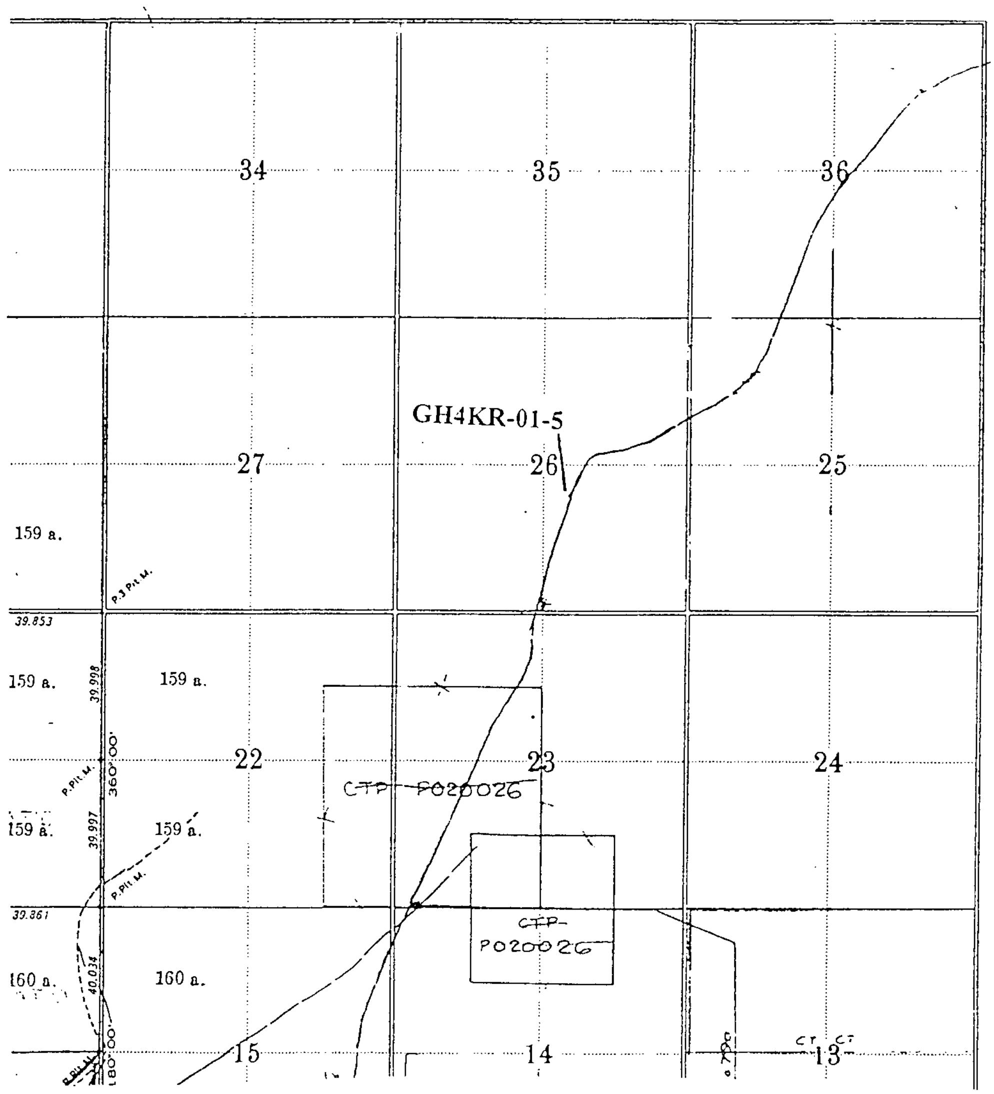
WORSLEY AREA

in Theoretical

W.1/2 Sec.3, E.1/2 Sec.4, S.1/2 & N.E.1/4 Sec.10,
N.1/2 Sec.11, N.W.1/4 Sec.12, S.1/2 & N.E.1/4 Sec.13,
Sec.14, E.1/2 Sec.24,
Twp.88 Rge.7 W.6M.

Municipal District of Clearhills No.21

Bad Heart Project
Sample location GH4KR-01-5
Whitemud Hills Area
July 24-29, 2001
G.S. Hartley P.Geol.

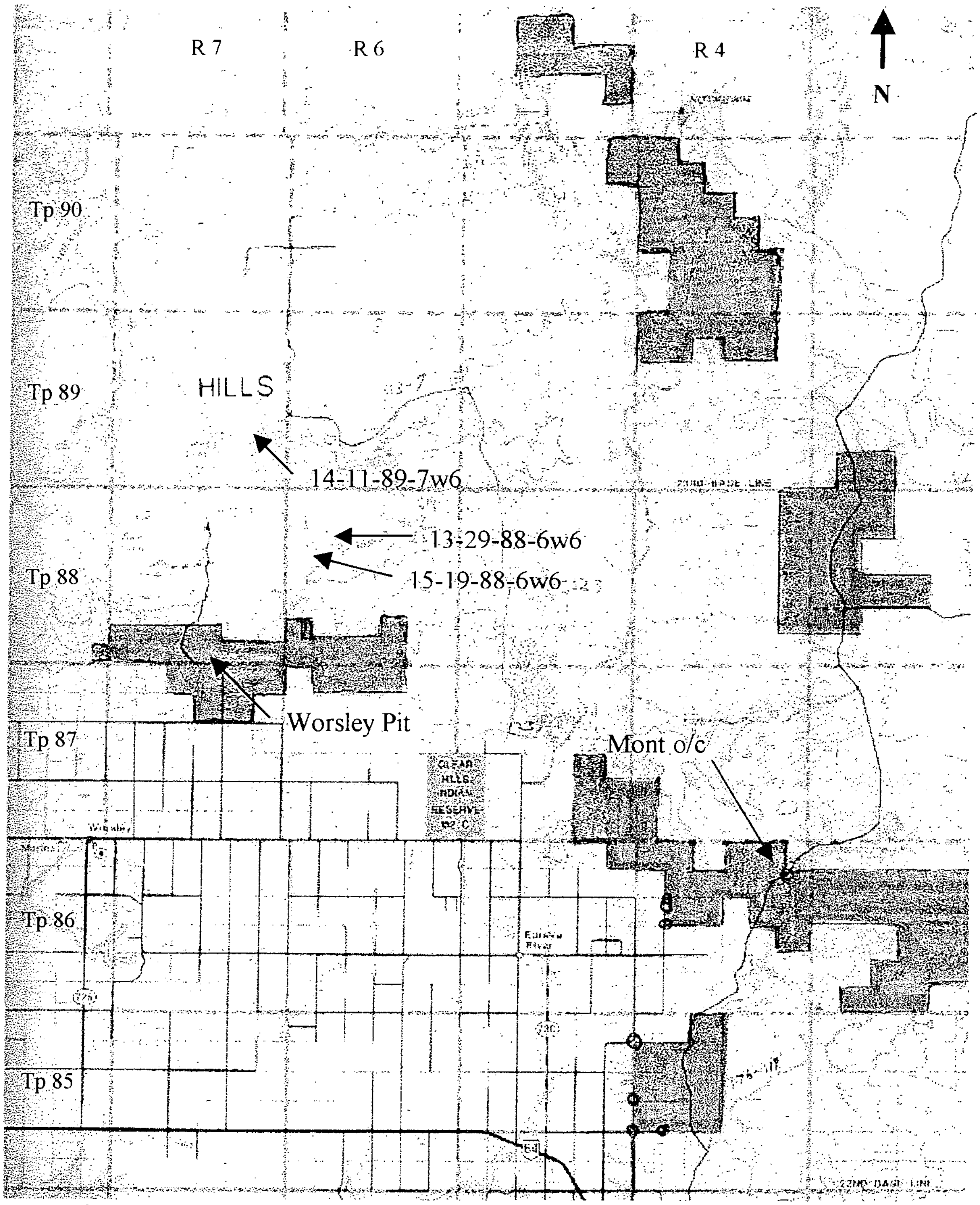


Plan of Township 86, Range 4,

FIRST EDITION

West of the Sixth Meridian

Locations of Sample Sites
For
Mineral Exploration
January 18-24/2004



Not to Scale

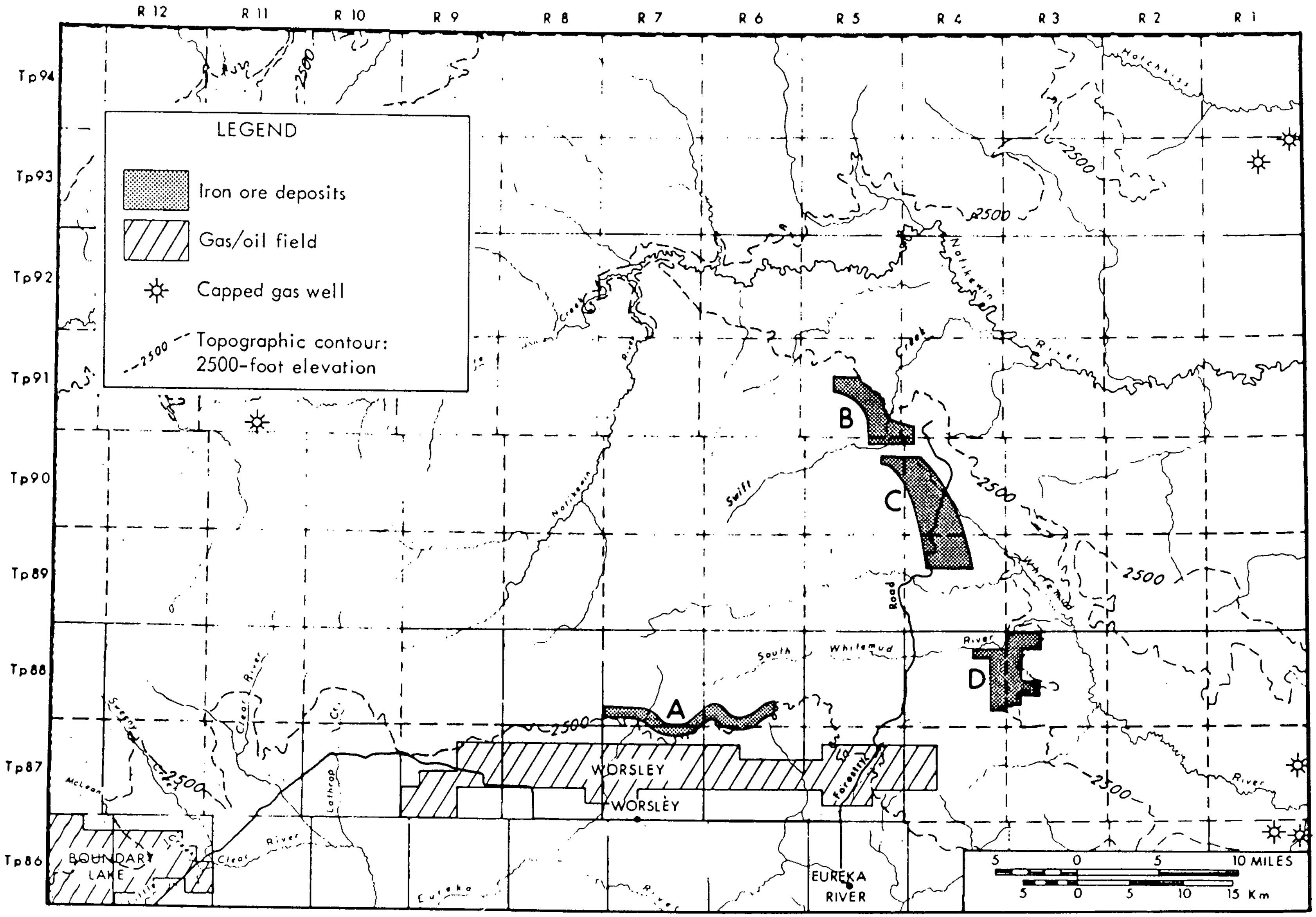


FIGURE 4. Location of iron ore deposits and oil and gas fields, Clear Hills district.

Appendices : Permits

Alberta
ENERGY

METALLIC AND INDUSTRIAL MINERALS PERMIT

NO. 9302010076

Term Commencement Date: January 25, 2002

Permittee:

695491 ALBERTA LTD. 100.0000000%

APPENDIX

TO

METALLIC AND INDUSTRIAL MINERALS PERMIT NO. 9302010076

TERM COMMENCEMENT DATE:

JANUARY 25, 2002

AGGREGATE AREA:

4,248 HECTARES

DESCRIPTION OF LOCATION AND PERMITTED SUBSTANCES:

6-06-087: 32NE,L11,L14;33L13-L16;34L13NW
6-06-088: 3N,SW,L7N,L7SW,L8;4;5;6N,L1NE,L3NW,L4-L8;7W,L1,L2,L7,
L8NW,L9W,L10,L15,L16SW;10L1S,L1NW,L2-L4
6-07-087: 26L13N,L14N,L15N;27L14N;33NE,L7E,L8NW,L14E;34N,L1N,
L1SE,L2N,L2SW,L3,L4SE,L6-L8;35N,SW,L1N,L2,L7,L8;36NW,
L3NW,L4N,L5,L6W,L7N,L9W,L10,L15,L16W
6-07-088: 1;2SE,L3-L5,L6S,L9SE;3;4N,L1,L2,L3E,L6SE,L7S,L8;5N,
L2W,L3N,L3SE,L5-L7,L8NW;6NW,L5,L6W,L8N,L8SE,L9,L10N,
L15,L16;7S,L9S,L10,L11;8S,L9-L11,L12S,L15SE,L16S;9S,L9-L12,
L13S,L14S,L15S,L16;10S,L9SW,L10-L13,L14S
6-08-088: 1L2,L3,L6SE,L7-L10,L11E,L16

METALLIC AND INDUSTRIAL MINERALS

SPECIAL PROVISIONS:

NIL

Alberta
ENERGY

METALLIC AND INDUSTRIAL MINERALS PERMIT

NO. 9302010077

Term Commencement Date: January 25, 2002

Permittee:

695491 ALBERTA LTD.	100.0000000%

APPENDIX

TO

METALLIC AND INDUSTRIAL MINERALS PERMIT NO. 9302010077

TERM COMMENCEMENT DATE:

JANUARY 25, 2002

AGGREGATE AREA:

7,040 HECTARES

DESCRIPTION OF LOCATION AND PERMITTED SUBSTANCES:

6-04-089: 26N,L5-L8;27N,L5-L8;29N,L5-L8;30L8,L9,L16;31L1,L8,L9,
L16;32-35
6-04-090: 2W,L1,L2,L7;3-5;6L1,L8,L9,L15E,L16;7NE,L1,L2E,L7,L8;8-10;
11L3W,L4,L5,L12SW;15W,L1W,L2,L7,L10W;16;17;18E,L3E,L6,
L11,L13,L14;19E,L3,L4,L6,L14NE;20;21S,L9-L13;29L1S,L2-L5;
30SE,NW,L3,L5,L6,L9,L10,L15,L16W;31L3-L5,L12,L13
6-05-090: 25L9,L14-L16;36
6-05-091: 1E;12L1S,L2S,L3-L5,L6W,L12,L13;13L4;14SW,L1,L2,L7,L8S,
L8NW,L10S,L10NW,L11-L13,L14S,L14NW;15N,SE,L3,L4,L5E,
L6;16NE,L11N,L12N,L13,L14;21S,L9-L12;22SW,L1,L2,L7S,
L7NW,L10W,L11,L12

METALLIC AND INDUSTRIAL MINERALS

SPECIAL PROVISIONS:

NIL

METALLIC AND INDUSTRIAL MINERALS PERMIT NO. 9302010077

NOTICE TO PERMITTEE

LAND DESCRIPTION

6-04-089: 26N,L5-L8;27N,L5-L8;29N,L5-L8;30L8,L9,L16;31L1,L8,L9,L16;
32-35
6-04-090: 2W,L1,L2,L7;3-5;6L1,L8,L9,L15E,L16;7NE,L1,L2E,L7,L8;8-10;
11L3W,L4,L5,L12SW;15W,L1W,L2,L7,L10W;16;17;18E,L3E,L6,
L11,L13,L14;19E,L3,L4,L6,L14NE;20;21S,L9-L13;29L1S,L2-L5;
30SE,NW,L3,L5,L6,L9,L10,L15,L16W;31L3P,L4P,L5P,L12P,L13P
6-05-090: 25L9,L14P,L15,L16;36SEP

IS/ARE WITHIN AN IMPORTANT CARIBOU RANGE.

SURFACE ACCESS IS SUBJECT TO SPECIFIC RESTRICTIONS

FOR FURTHER INFORMATION, PLEASE CONTACT:

RALPH WOODS
LAND MANAGEMENT FORESTER
DEPT. OF SUSTAINABLE RESOURCE DEV.
PEACE RIVER OFFICE - LAND AND FOREST SERVICE
9621 96 AVE FLOOR MAIN
PEACE RIVER AB T8S 1T4 (780) 624-6331

Alberta
ENERGY

METALLIC AND INDUSTRIAL MINERALS PERMIT

NO. 9302010078

Term Commencement Date: January 25, 2002

Permittee:

WORLD WIDE JOY-WAY CORPORATION 100.0000000%

APPENDIX

TO

METALLIC AND INDUSTRIAL MINERALS PERMIT NO. 9302010078

TERM COMMENCEMENT DATE:

JANUARY 25, 2002

AGGREGATE AREA:

1,428 HECTARES

DESCRIPTION OF LOCATION AND PERMITTED SUBSTANCES:

6-04-085: 16;17L1N,L2N,L6E,L7-L9,L10S,L16E;18L16N;19L1,L2N,L7E,
L8,L9,L10E,L15NE,L16N;20;21;28W,L2,L7W,L10W,L15W;
29L1N,L2,L3,L4E,L5E,L6-L9,L10S,L11S,L16E;30L1,L2SE;
33L1N,L2,L3,L4E,L5E,L6-L9,L10S,L11S,L16S,L16NE

METALLIC AND INDUSTRIAL MINERALS

SPECIAL PROVISIONS:

NIL

Alberta
ENERGY

METALLIC AND INDUSTRIAL MINERALS PERMIT

NO. 9302010079

Term Commencement Date: January 25, 2002

Permittee:

WORLD WIDE JOY-WAY CORPORATION	100.0000000%

APPENDIX

TO

METALLIC AND INDUSTRIAL MINERALS PERMIT NO. 9302010079

TERM COMMENCEMENT DATE:

JANUARY 25, 2002

AGGREGATE AREA:

8,032 HECTARES

DESCRIPTION OF LOCATION AND PERMITTED SUBSTANCES:

6-02-086: 15W,L2W,L7N,L7SW,L8N,L9,L10,L15;16E,L3,L4,L5S,L6,L11, L12NW,L13,L14;19L1N,L2N,L3NE,L6-L8,L9SW,L10SE,L11S, L11NE,L12N,L12SE,L13,L14N,L14SW;20L5-L8;21;22SW,L2S; 28S,L9-L12;30SW,L2W,L7

6-03-086: 3NW,L5,L6W,L9NW,L10N,L15,L16;4NE,L7,L8,L11,L14;5L1-L5; 9SE,L3,L9E,L16E;10;11L8N,L9,L10E,L13N,L13SW,L15,L16; 12L12W,L13W;13L4,L5,L12SW;14S,NW,L9,L10,L15,L16SW; 15L1,L2S,L3,L4,L8,L9,L10N,L15,L16;19N,L1,L2N,L3N,L4N, L5-L8;20-22;23L2SW,L3S,L3NW,L4,L5,L12-L14,L15N,L16N; 24L10NW,L11NE,L13,L14,L15W;25SW,L1N,L2,L7,L8,L10S, L11S,L12;26L12,L13S;27N,SW;28-30

6-04-086: 2L4NW,L5,L6W,L11,L12,L13W;3L1-L4,L5SE,L6S,L7S,L8,L9SE, L16;10L1,L2NE,L7SE,L8S,L8NE,L9W,L16SE;11L3W,L4-L7,L8W, L9W,L10-L12,L13S,L14E,L15;13L5W,L12,L13;14SE,L3E,L9, L10E,L15E,L16;20L16N;21L13N;22;23L1,L2E,L8S,L8NE,L9, L10N,L15E,L16;24N,SW,L1N,L2N,L2SW,L7,L8;25S,L9-L12, L13S,L14S,L16;26NW,L1,L2E,L5-L10,L15SW;27SW,NE,L2W,L7, L11S,L11NE;28L1N,L2N,L3N,L3SW,L4-L8,L11SW,L12,L13SW; 29NE,L1,L2,L8,L11E,L14E;31N,L1,L8;32NW,L1W,L2,L3E,L4N, L5-L10,L15,L16S;34L1,L2SE;35L3W,L4,L5

6-04-087: 6S,NW,L10,L15;7L2,L3,L4SE

6-05-086: 36L9E,L16E

6-05-087: 1NE,L2N,L5E,L6N,L7,L8NW,L11,L12N,L12SE,L13,L14;11NE, L1,L6N,L6SE,L7,L8,L11,L12NE,L13E,L14;12N,SW,L2,L7,L8W; 14L11

METALLIC AND INDUSTRIAL MINERALS

Continued...

APPENDIX

TO

METALLIC AND INDUSTRIAL MINERALS PERMIT NO. 9302010079

SPECIAL PROVISIONS:

NIL

Alberta
ENERGY

METALLIC AND INDUSTRIAL MINERALS PERMIT

NO. 9302010080

Term Commencement Date: January 25, 2002

Permittee:

WORLD WIDE JOY-WAY CORPORATION 100.0000000%

APPENDIX

TO

METALLIC AND INDUSTRIAL MINERALS PERMIT NO. 9302010080

TERM COMMENCEMENT DATE:

JANUARY 25, 2002

AGGREGATE AREA:

3,448 HECTARES

DESCRIPTION OF LOCATION AND PERMITTED SUBSTANCES:

6-03-088: 7;8L5W,L13NW,L14N;15L3W,L4,L5,L6SW;16L1N,L2N,L4N,L5-L8,
L11SW,L12,L13SW;17N,SW,L1N,L2,L7,L8;18;19;20L2W,L3,L4,
L5S,L6S,L7SW,L13NW;28L13NW;29NW,L4,L5,L6W,L10N,L15,
L16;30;31S,NE,L11,L14SE;32;33NW,L4,L5,L6W
6-03-089: 4L4;5L1-L4,L5S,L6S,L7S,L8S
6-04-088: 12;13;24;25;36L1,L8,L9,L10E,L15E,L16

METALLIC AND INDUSTRIAL MINERALS

SPECIAL PROVISIONS:

NIL

METALLIC AND INDUSTRIAL MINERALS PERMIT NO. 9302010080

NOTICE TO PERMITTEE

LAND DESCRIPTION

6-04-088: 12NWP;13WP;24SP,NW,NEP;25EP,W;36L1P,L8P,L9P,L10EP,L15EP,
L16P

IS/ARE WITHIN AN IMPORTANT CARIBOU RANGE.

SURFACE ACCESS IS SUBJECT TO SPECIFIC RESTRICTIONS

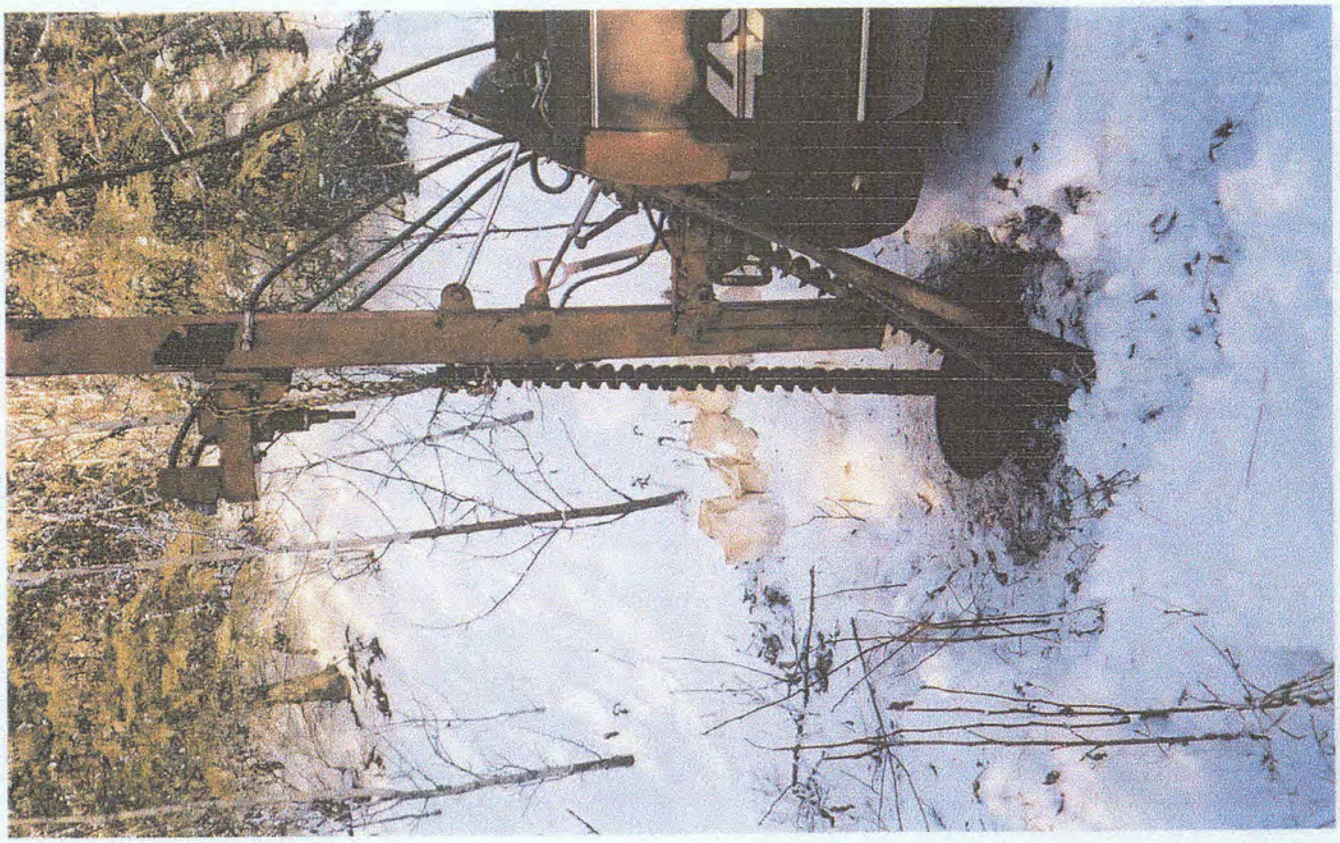
FOR FURTHER INFORMATION, PLEASE CONTACT:

RALPH WOODS
LAND MANAGEMENT FORESTER
DEPT. OF SUSTAINABLE RESOURCE DEV.
PEACE RIVER OFFICE - LAND AND FOREST SERVICE
9621 96 AVE FLOOR MAIN
PEACE RIVER AB T8S 1T4 (780) 624-6331

Appendices : Photographs from the January 18 - 24, 2004 "Worsley Project"

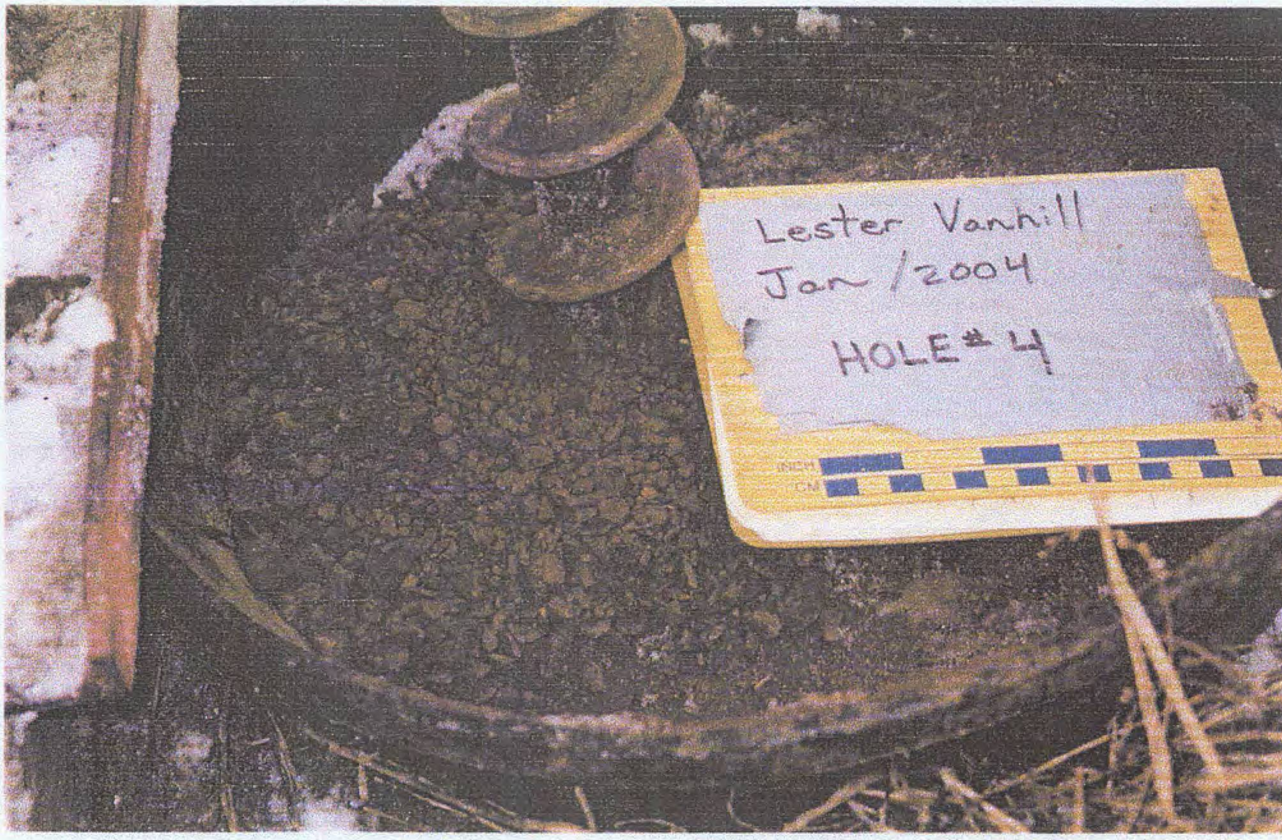
Ore Samples

Locational Sign Within the Permit Area

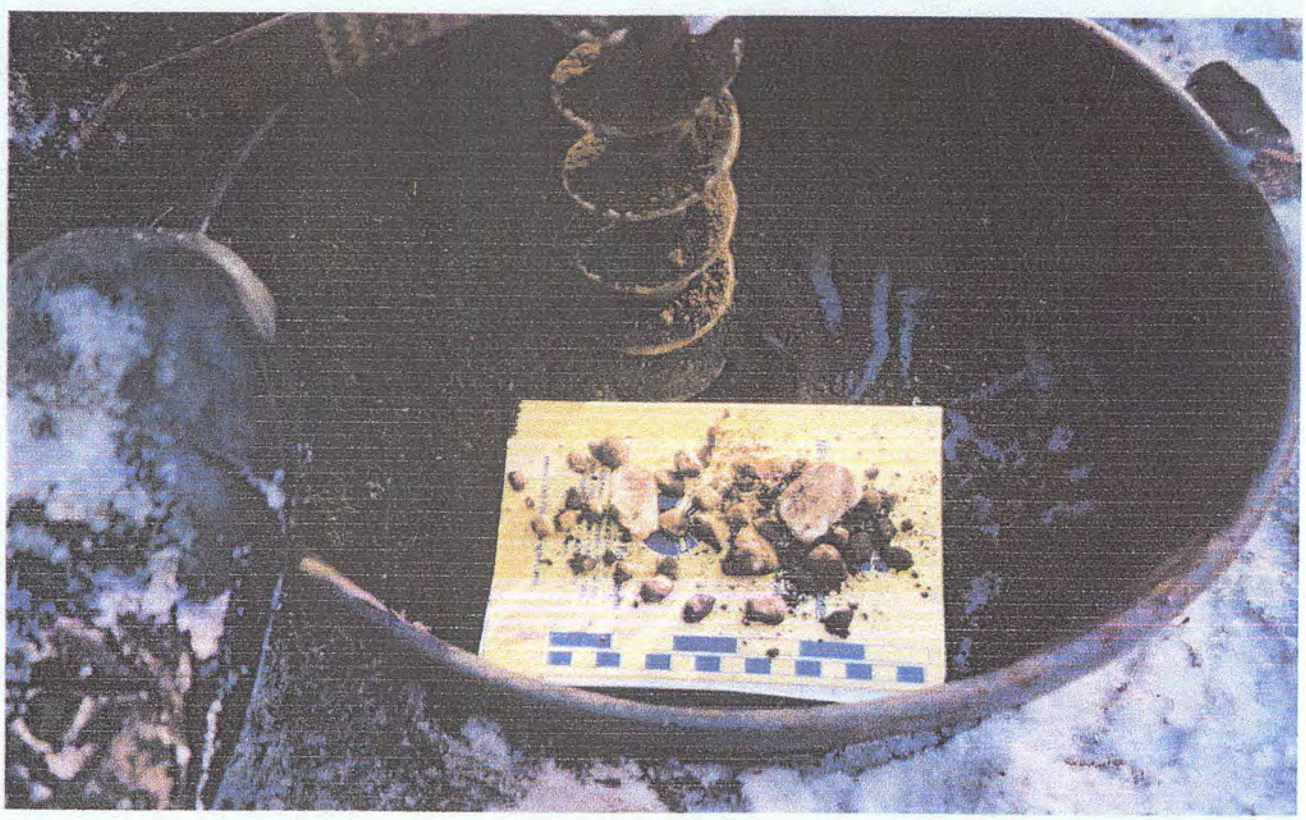


Truck Mounted Auger

Caterpillar Dozer & Ripper

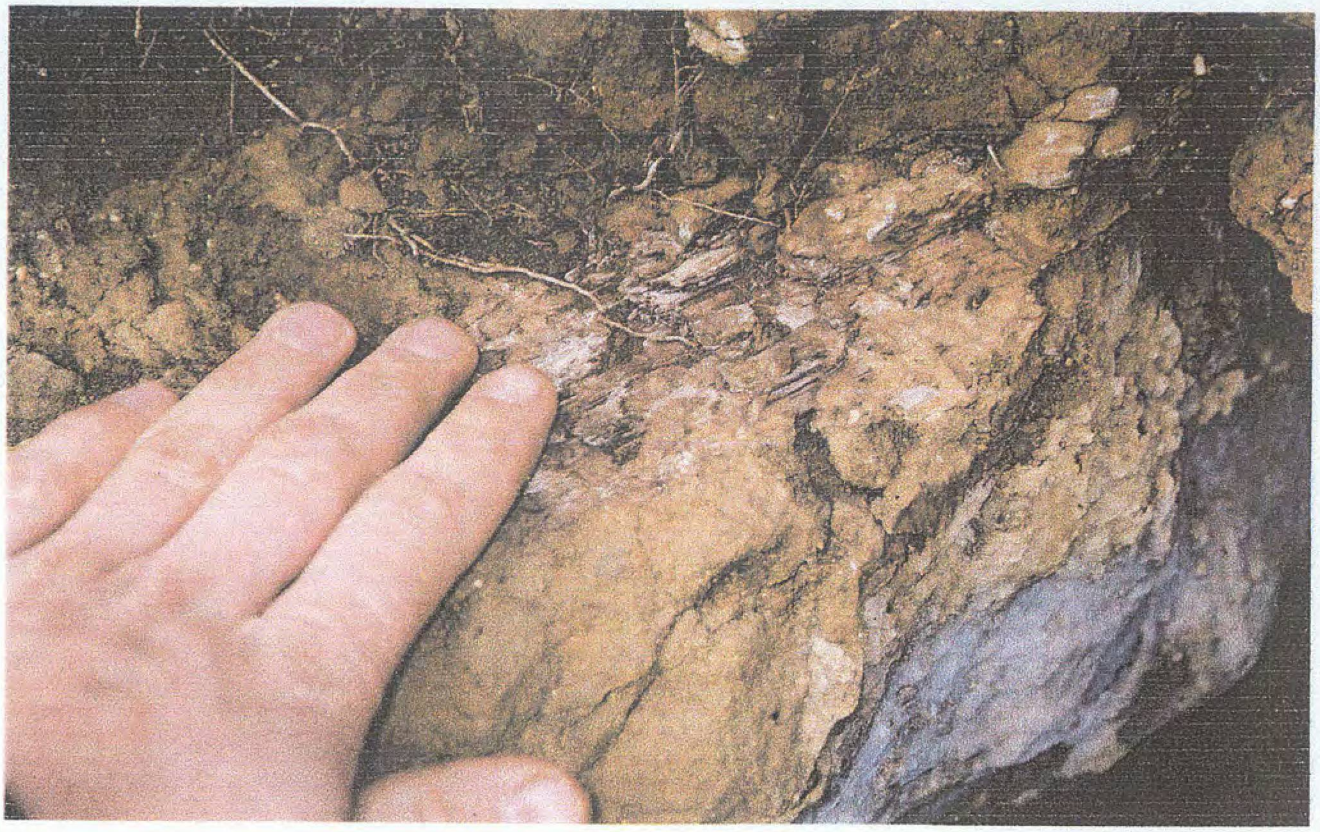


Drill Bit and Badheart Oolitic Ore Sample



Drill Bit and Badheart Ore Sample

Outcrop of the Badheart Formation



Outcrop of the Badheart Formation

Assay Reports

780. 973. 5368

BMD
BIRCH MOUNTAIN RESOURCES LTD.
3100, 205 FIFTH AVENUE S.W.
CALGARY ALBERTA CANADA T2P 2V7
Tel 403 262 1838 Fax 403 263 9888

MEMO

To: Doug Rowe

Cc: Ken Richardson

From: Glen De Paoli

Date: June 11 2002

Re: SEM examination of misc. materials from Ken Richardson.

Summarized below are the SEM examinations of various materials from Ken Richardson's analytical experiments on the Clearhills Iron ore.

Label	Sample Description*	S.E.M. Observations
A	Drillings anode dore bar	Cu shaving with small particles of Au lying on top.
B	Anode muds	Fine mixture of Fe-O-S-Ca-Na-Al-Cl-P-Mg.
C	Anode muds reduced to metal (toughened metal)	Cu-O-Cl-S-Si-K.
D	Anode muds secondary metal – (gangue)	Cu-S with minor O and Cl with small inclusions of Ag.
1	SKR 0'-80' induction fired with silver inquart	Fe-P with small inclusions of Ag-Cu.
2	2.74 metal part of button paramagnetic 14,123 ozs O.P.T. with silver inquart	S-Ag-Fe-Na-O-Cl.
3	Residue out of #2 firing	Fe-O-Si with small inclusions of Ag-Cl.
4	0.55mg iron same dore bar (43134 Fs - S.E.M. sample 2 Nov. 20 00)	Fe-P with small inclusions of Ag-Cu.
5	0.610 mg same as #4 but melted with brown's gas	Fe-O-P-Si-Al with small inclusions of Ag-Cu.
6	1.54 g same as #4 but melted with cutting torch	Fe-O-P-S-Si-Cu- with small inclusions of Ag.
7	Scor. Dish – plated with #2 para magnetic metal	O-Si-Fe-Al-Na with small inclusions of Ag-Cl.

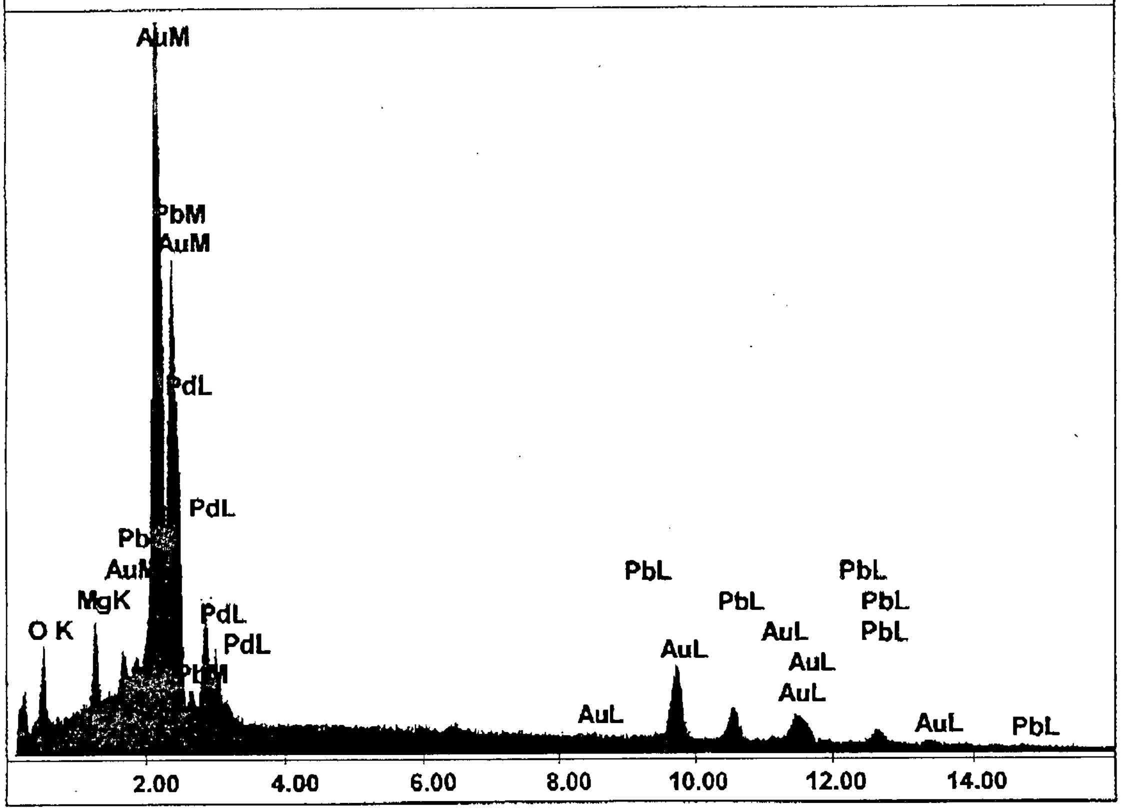
*supplied by Ken Richardson

Untitled:1

Label:May 4 2001, small bead area

kV:20.0 Tilt:0.0 Take-off:36.9 Det Type:SUTW+ Res:131 Tc:35

FS : 5111 Lsec : 100 4-May-2001 12:00:05



Glen - I think this goes with the heads. HS.

TO DOUG. ROWE [redacted]

CLEAR HILLS IRON ORE

1 (A) DRILLINGS ANODE DORÉ BAR

2 (B) ANODE MUDS

3 (C) ANODE MUDS REDUCED TO METAL - (TOUGHENED METAL)

4 (D) ANODE MUDS SECONDARY METAL - (GANGUE)

5 (1) SKR 0'-80' INDUCTION FIRED WITH SILVER INQUART.

6 (2) 2.74g METAL PART OF BUTTON PARA MAGNETIC 14,123 ozs O.P.T WITH SILVER INQUART

1 (3) RESIDUE OUT OF #(2) FIRING

2 (4) 0.550mg IRON SAME DORÉ BAR (43134 FS S.E.M SAMPLE 2 NOV, 20 00)

3 (5) 0.610mg SAME AS #(4) BUT MELTED WITH BROWN'S GAS

4 (6) 1.54g SAME AS #(4) BUT MELTED WITH CUTTING TORCH

5 (7) SCOR. DISH — PLATED WITH #(2) PARA MAGNETIC METAL

Sample /xdl/window1/#1,/sample_1_outside.spt
Accelerating Voltage: 20.00 keV
Takeoff Angle: 30.50 degrees
Library for user standards: /imix/images+spectra/hitachi std 20kv.dir

Elm	ZAF	Norm wt%	Prec.	Atomic %	Line
Fe	1.0133	77.04	0.95	62.11	K line
Ni	1.1310	2.31	0.27	1.77	K line
Cu	1.1541	5.37	0.39	3.81	K line
Si	2.0365	1.08	0.17	1.73	K line
P	1.6771	3.53	0.24	5.15	K line
O	2.0232	8.83	0.29	24.83	K line
Ag	1.1751	0.86	0.29	0.36	L line
Pt	1.5581	0.98	0.00	0.23	M line
Total		100.00		99.99	

Goodness of fit 0.52

SKIN READING
OUTSIDE OF BAR
(400g BARS)
1000g OF CLEARHILLS ORE

Sample /xdl/window1/#2,/sample_1_inside.spt
Accelerating Voltage: 20.00 keV
Takeoff Angle: 30.50 degrees
Library for user standards: /imix/images+spectra/hitachi std 20kv.dir

Elm	ZAF	Norm wt%	Prec.	Atomic %	Line
Fe	1.0049	92.18	2.02	88.30	K line
Ni	1.1370	0.66	0.35	0.61	K line
Cu	1.1555	1.18	0.43	1.00	K line
Si	2.0364	0.55	0.26	1.08	K line
P	1.6632	2.31	0.40	4.01	K line
O	1.9431	1.28	0.69	4.32	K line
Ag	1.1509	1.08	0.53	0.54	L line
Pt	1.5461	0.76	0.00	0.21	M line
Total		100.00		100.07	

Goodness of fit 0.15

INSIDE READING
OF BROKEN BAR
(400g BARS)
1000g OF CLEARHILLS ORE

THIS S.E.M. REPORT RELATES
TO SAMPLES #4.5.+6

Sample /xdl/window1/#1./sample_1_Nov.20_2000.spt
Accelerating Voltage: 20.00 keV
Takeoff Angle: 30.50 degrees
Library for system standards: /imix/quant/efficiency/Hitachi.dir
Library for user standards: /imix/images+spectra/hitachi std 20kv.dir

Elm	ZAF	Norm wt%	Prec.	Atomic %	Line	
Fe	1.0238	85.69	1.36	68.50	K line	
Ti	0.9515	2.78	0.22	2.60	K line	
Al	2.8217	0.61	0.30	1.00	K line	
O	2.0073	9.67	1.19	26.95	K line	
Ir	1.3795	0.80	7.50	0.18	L line	?
Si	2.0366	0.10	0.52	0.15	K line	?
Mg	4.0782	0.20	1.10	0.35	K line	?
Cl	1.2659	0.16	0.97	0.21	K line	?

Total 100.00 99.94

Goodness of fit 0.61

? Marks elements with poor precision.

Sample /xdl/window1/#1./sample_2_Nov.20_2000.spt
Accelerating Voltage: 20.00 keV
Takeoff Angle: 30.50 degrees
Library for system standards: /imix/quant/efficiency/Hitachi.dir
Library for user standards: /imix/images+spectra/hitachi std 20kv.dir

43134 FS

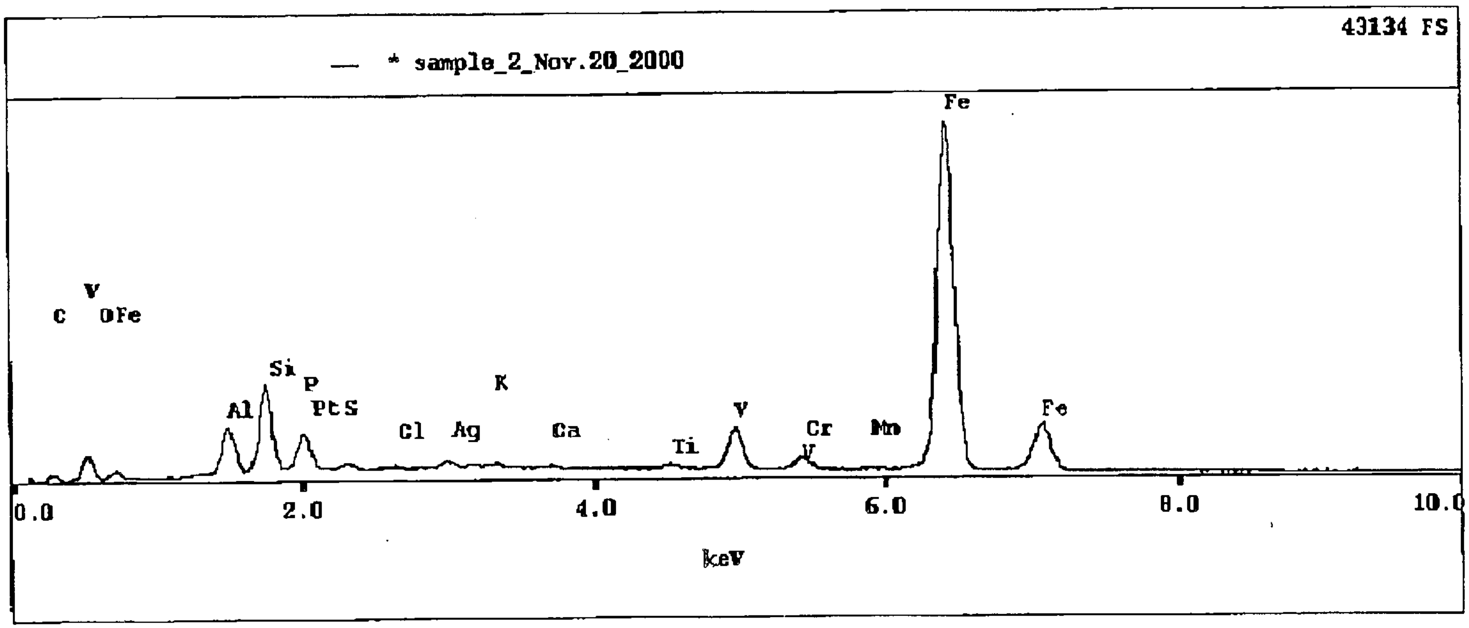
	Elm	ZAF	Norm wt%	Prec.	Atomic %	Line	
	Fe	1.0615	59.04	1.06	41.35	K line	
	O	3.0657	8.43	0.98	20.63	K line	
	Mn	1.0919	0.17	0.29	0.12	K line	?
	Cr	0.9280	0.78	0.15	0.58	K line	
	Al	2.3721	8.22	0.54	11.91	K line	
	Si	1.9312	10.06	0.46	14.01	K line	
	P	1.7651	4.06	0.33	5.14	K line	
*	Pt	1.6347	1.40	0.00	0.28	M line	
	S	1.5104	0.52	0.20	0.64	K line	
	Cl	1.3748	0.18	0.69	0.20	K line	?
	K	1.1442	0.27	0.23	0.26	K line	
	Ca	1.0582	0.23	0.55	0.24	K line	?
	Ti	1.0406	0.36	0.14	0.30	K line	
	Ag	1.2281	1.16	0.40	0.42	L line	
	V	1.0043	5.12	0.33	3.93	K line	

THIS S.E.M REPORT RELATES TO # 4 BUTTON

Total 100.00 100.02

Goodness of fit 0.30

? Marks elements with poor precision.


43134 FS
* sample_2_Nov.20_2000
Fe
V
C OFe
Si
P
Pt S
K
Al
Cl
Ag
Ca
Ti
V
Cr
V
Mn
Fe
0.0
2.0
4.0
6.0
8.0
10.0
keV

April 28, 2002

Recovery and Assay Report

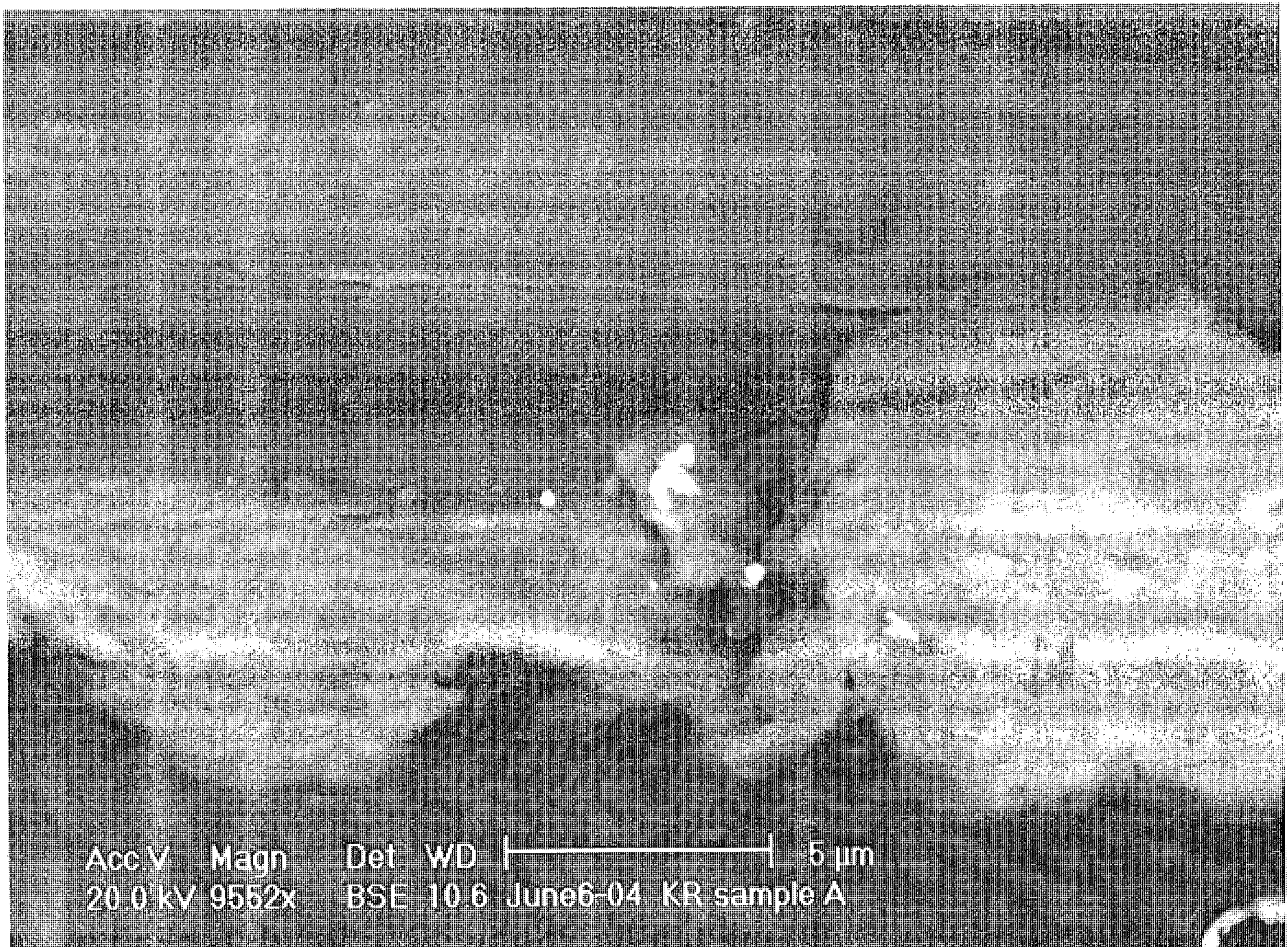
All fire assays, unless otherwise noted, are done with Action Mining standard Assay flux.

Sample Description	Concentrate Or Dore'	Sample size grams	Cupoled Bead	After 30% Nitric acid digest	Silver OPT	Gold or better
Na Ore Mix Pile 1=792 g Pile 2= 636 g Pile 3=898 g **79.4 assay ton**	Toughened metal bar=120.7g	0.5 g	20.0 mg	est. 10%	54.26	*6.08 est.
	Gangue = 100.6 g	0.5 g	6.5 mg	est. 10%	15.09	*1.67 est.

*Sample was to small to properly verify

Total Noble metals recovered = 77.5 OPT

THIS REPORT RELATES TO SAMPLES A. B. C. + D.



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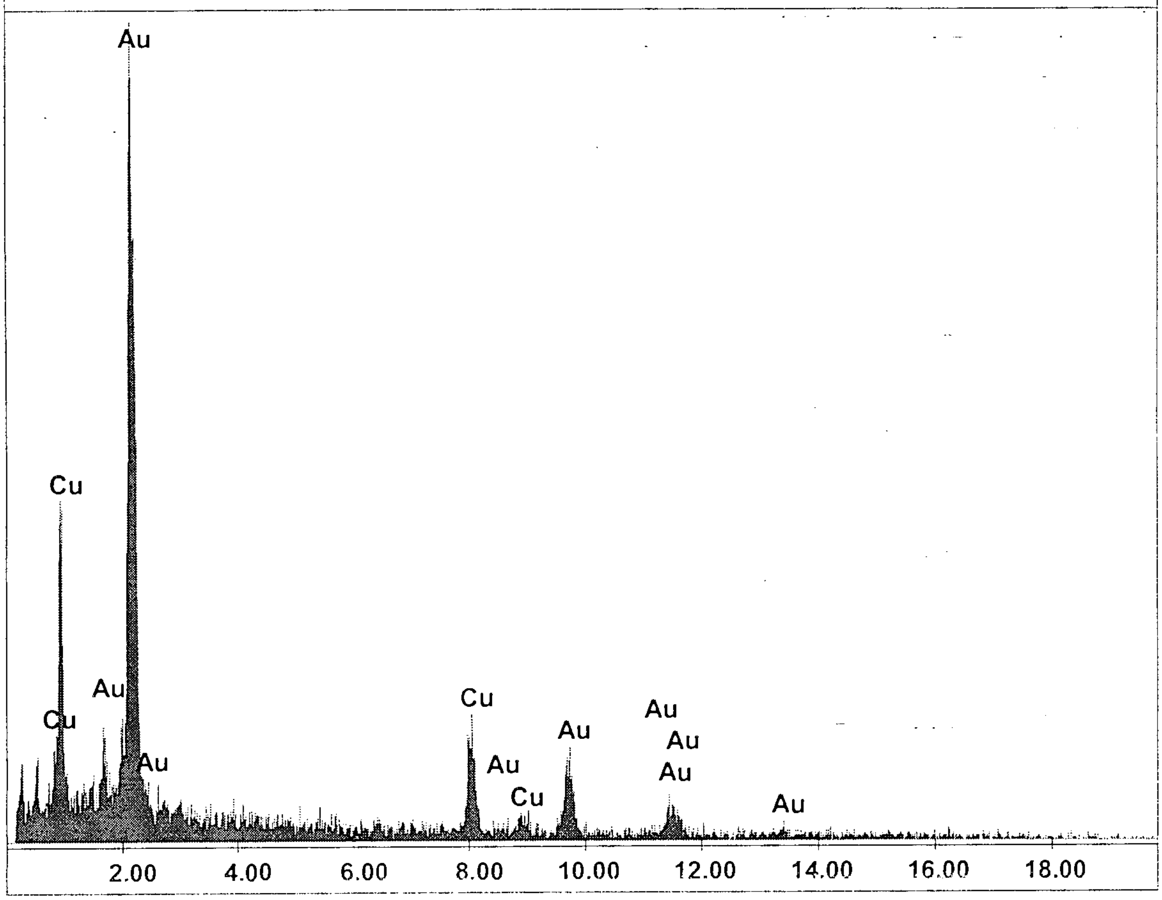
Sample (A)

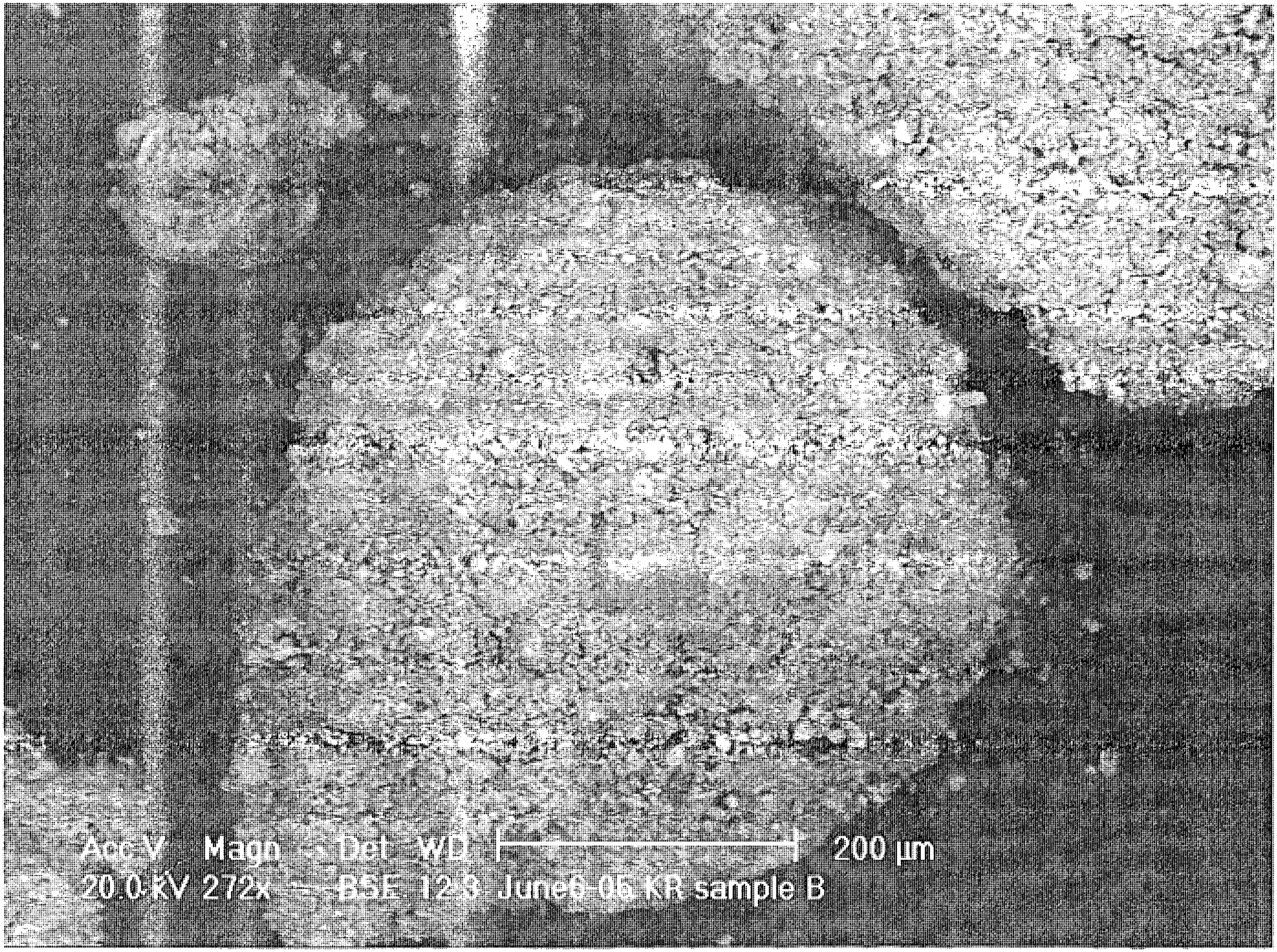
Untitled:1

Label:June6-06 2002 KR sample a

FS : 322 Lsec : 6 6-Jun-2002 10:50:46



Sample A, bright particles on top of Cu shaving.



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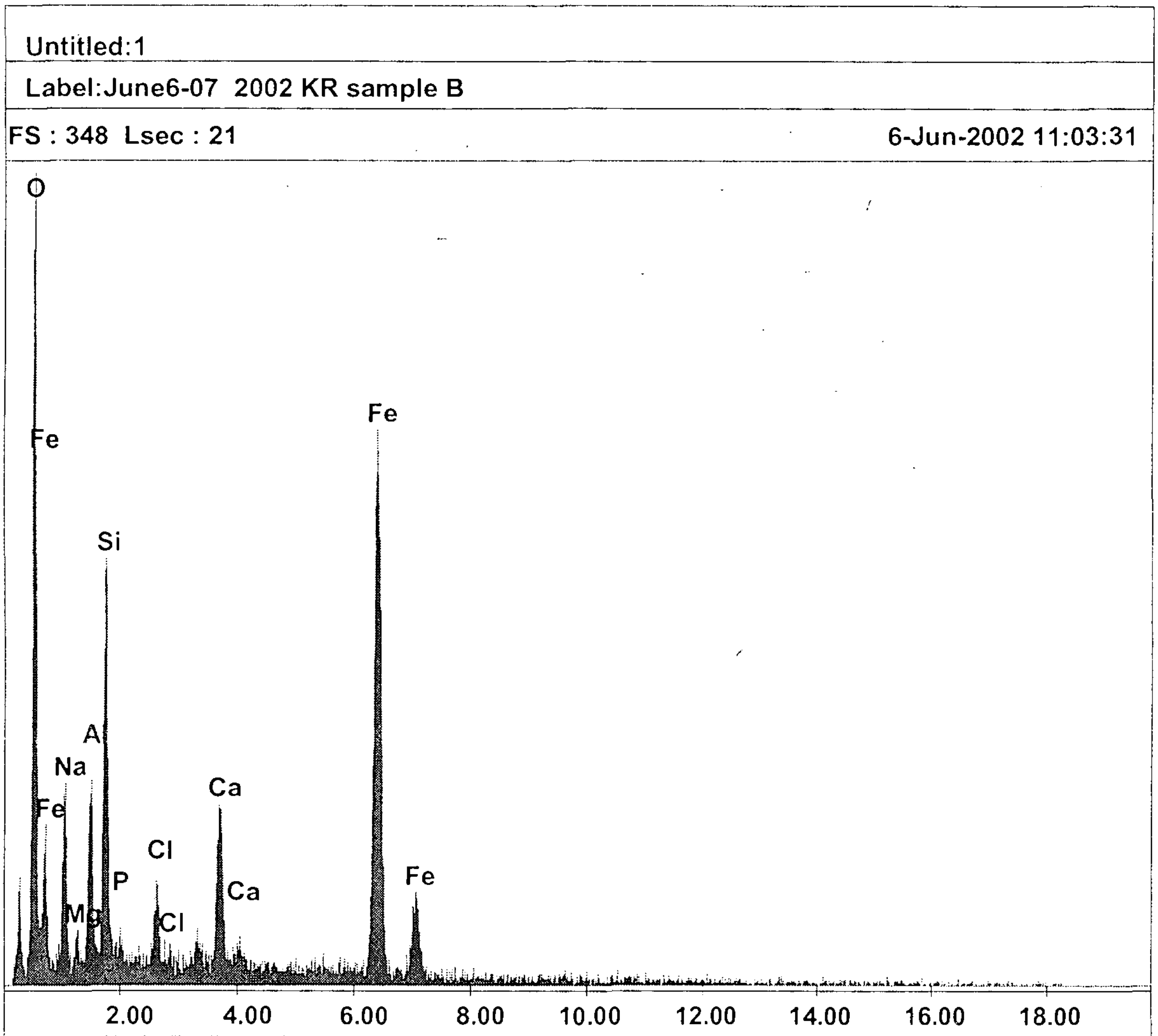
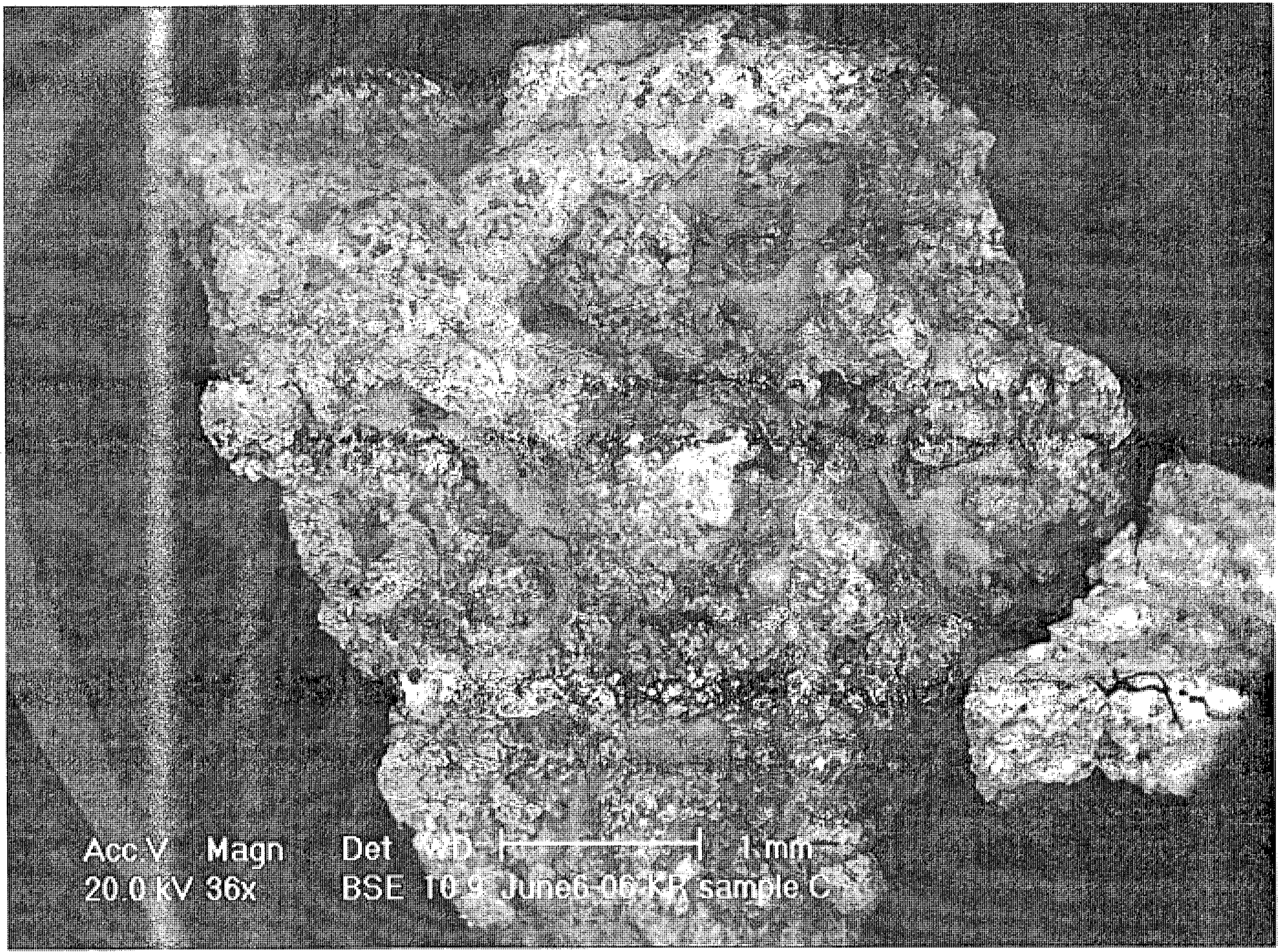
Sample (B)



Sample B area scan



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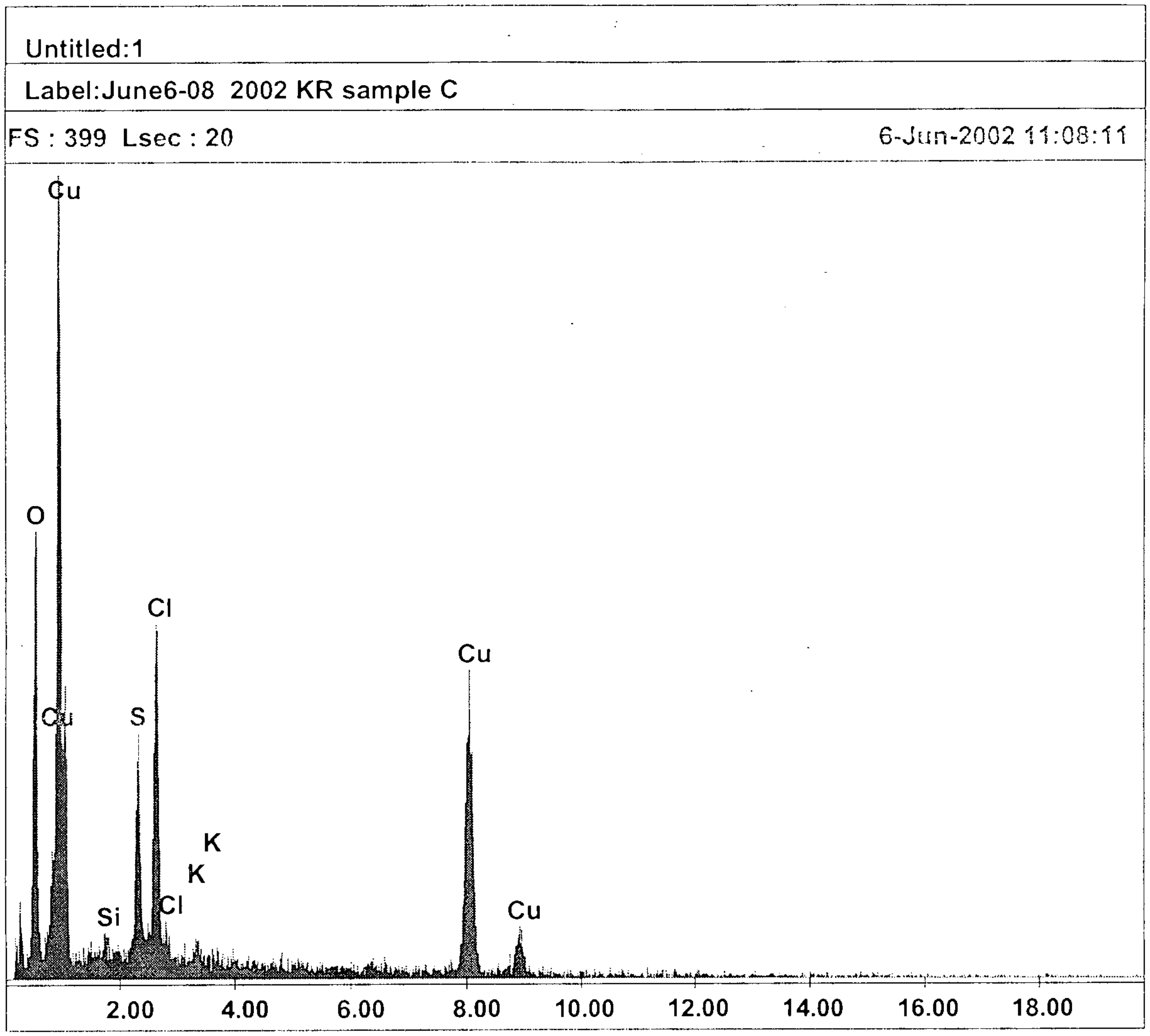
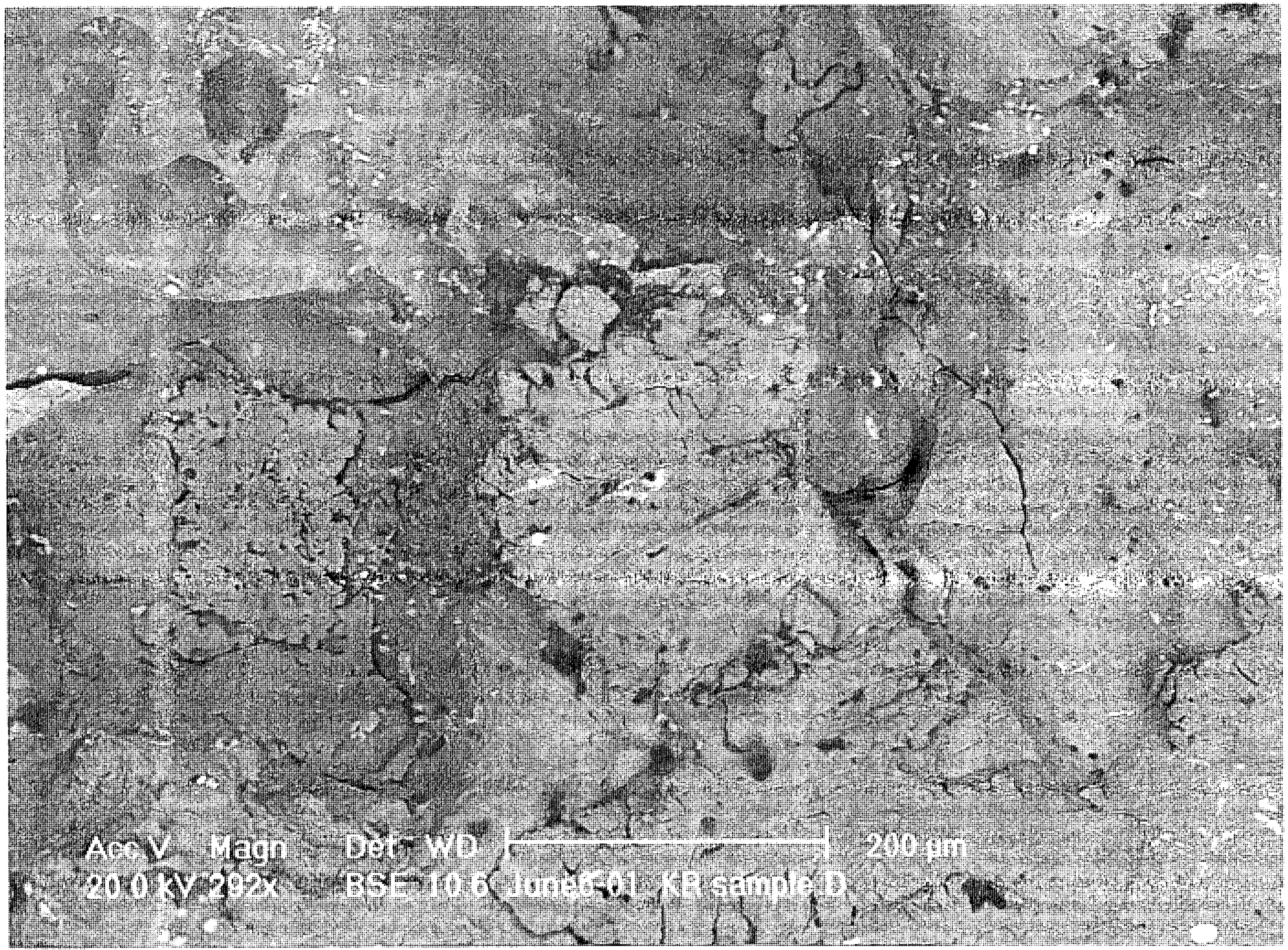
Sample C



Sample C area scan



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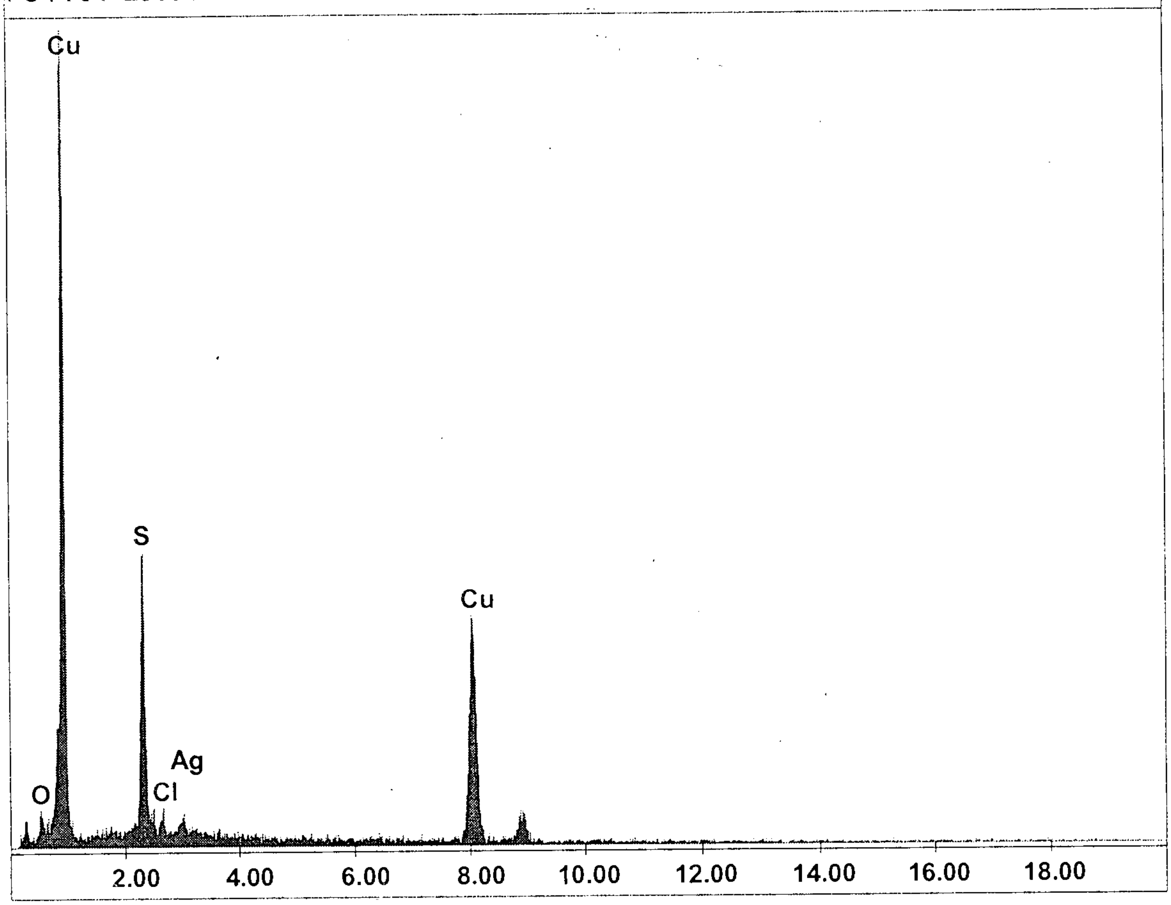
Sample D

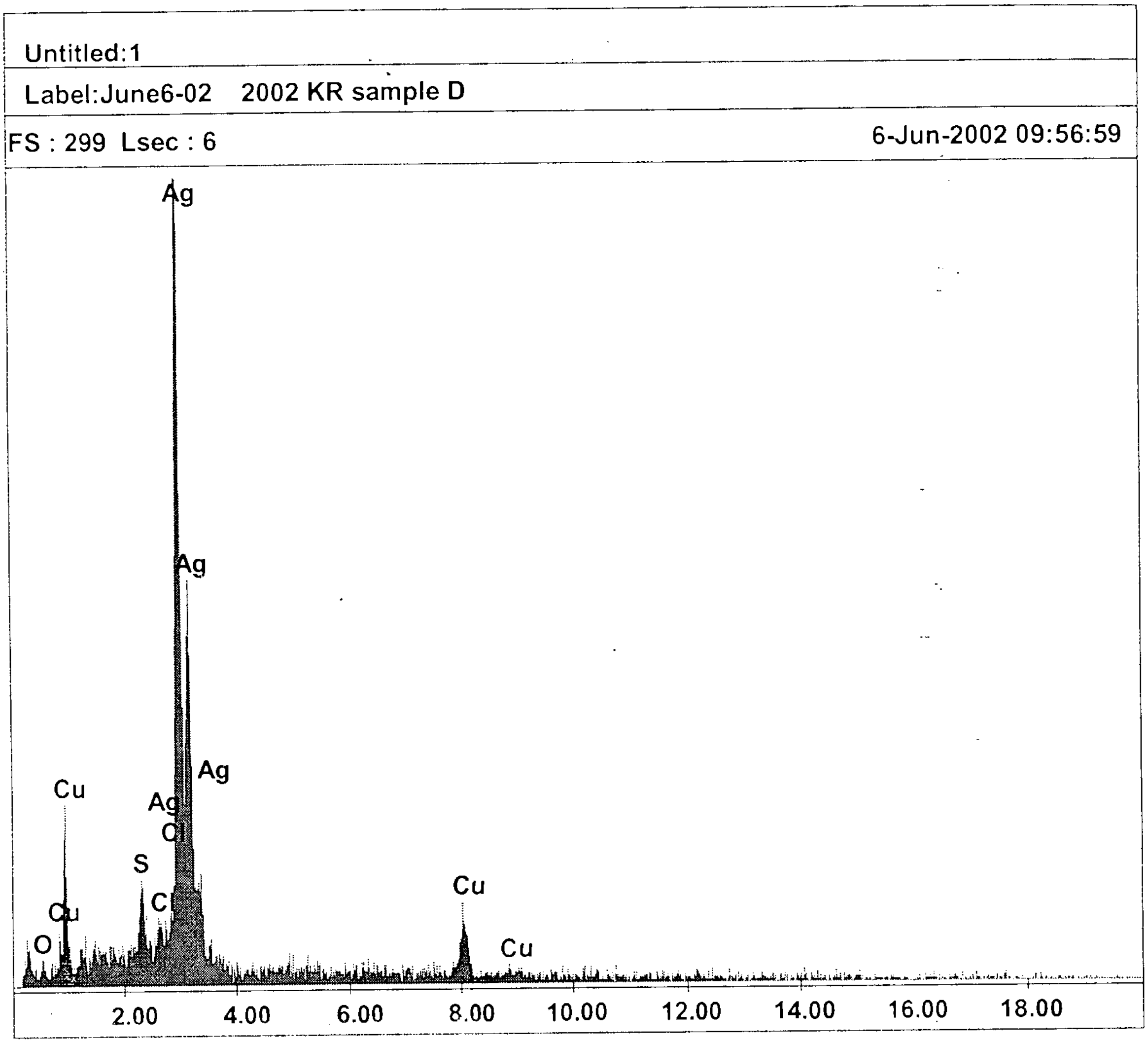
Untitled:1

Label:June6-01 2002 KR sample D

FS : 754 Lsec : 18 6-Jun-2002 09:47:41



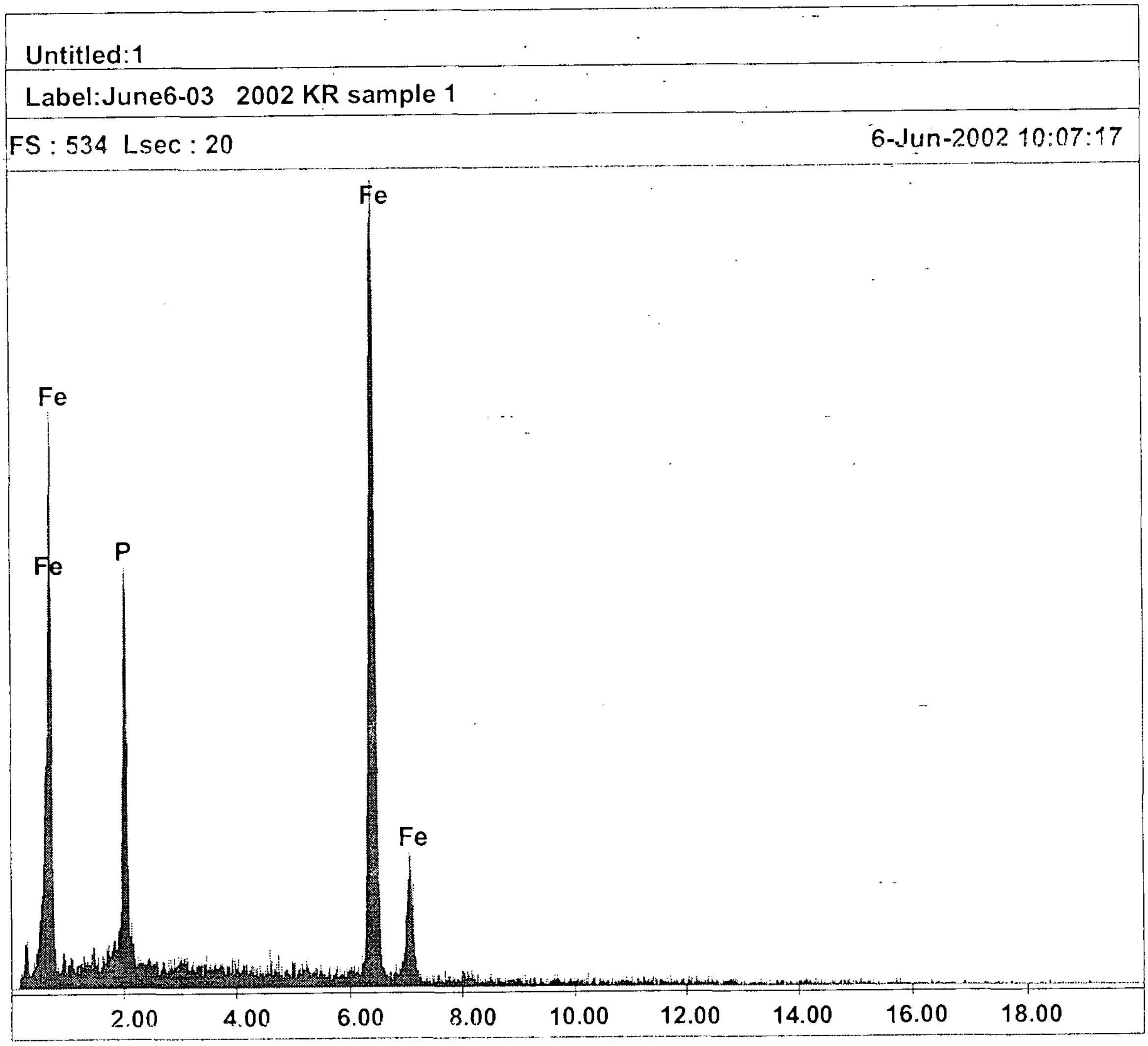
sample (D), area scan



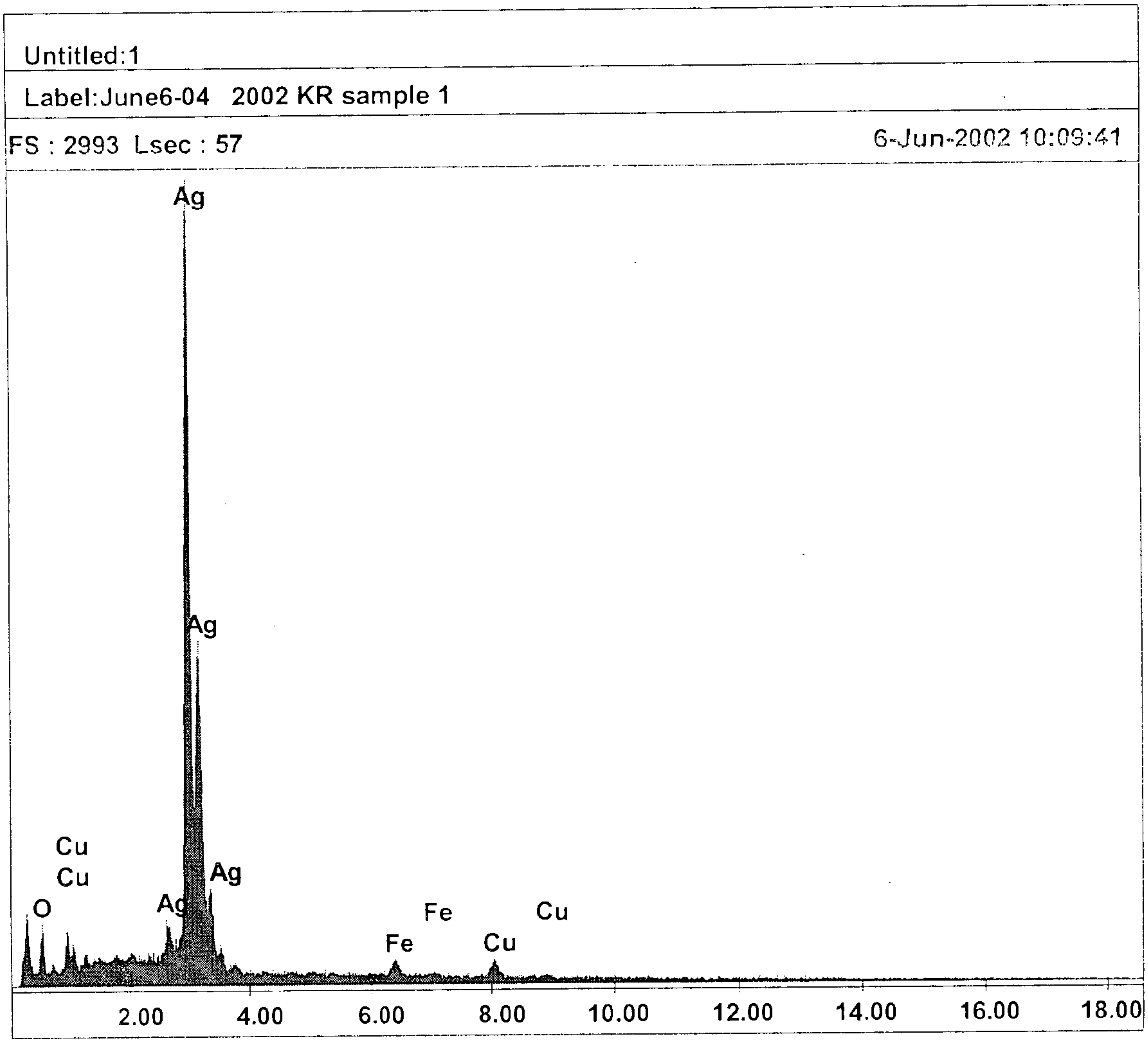
Sample (D), Bright spots.

PRINTBF1.tif

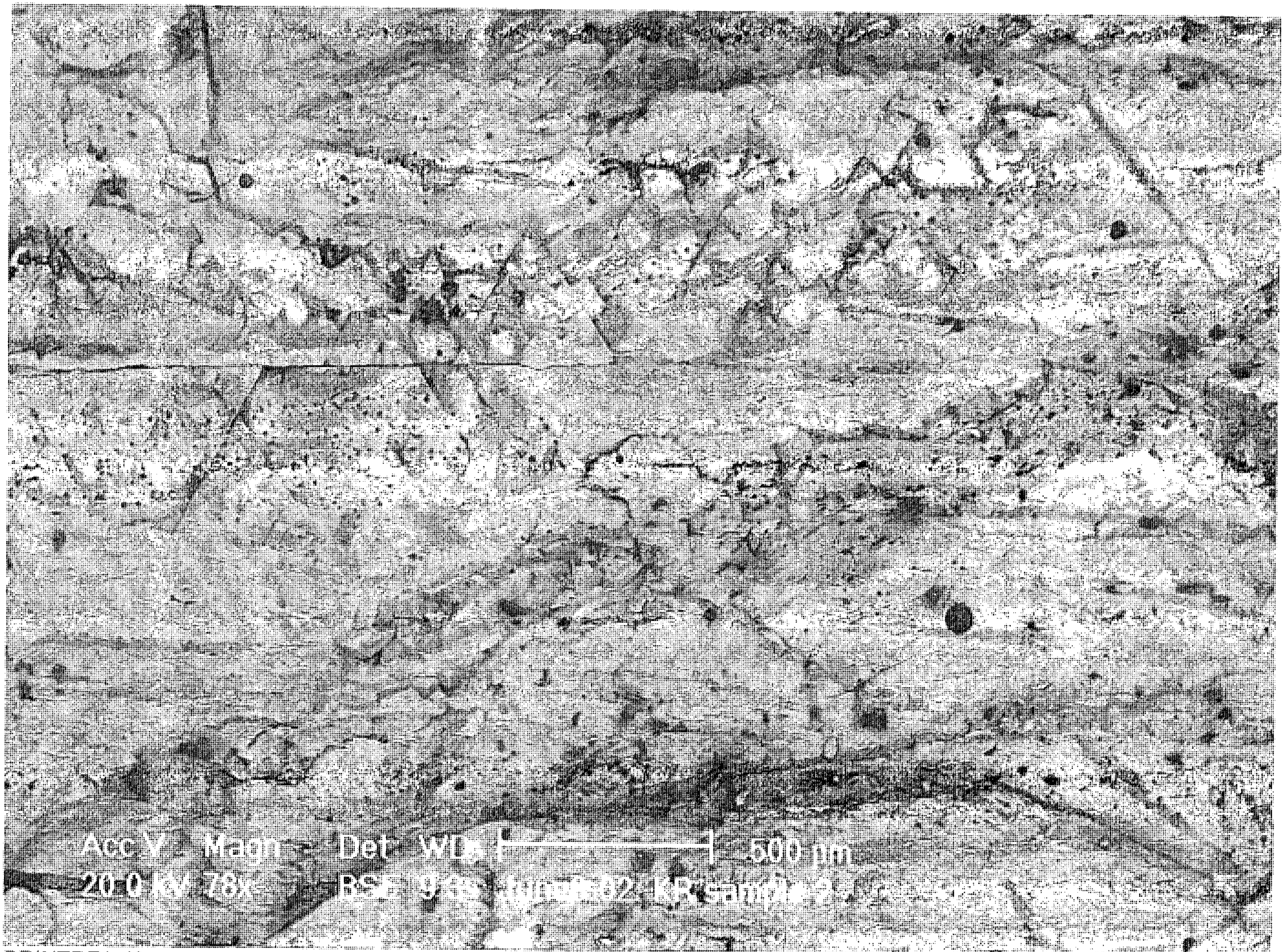
Sample ①



Sample ①, area scan.



Sample ①, Bright spots



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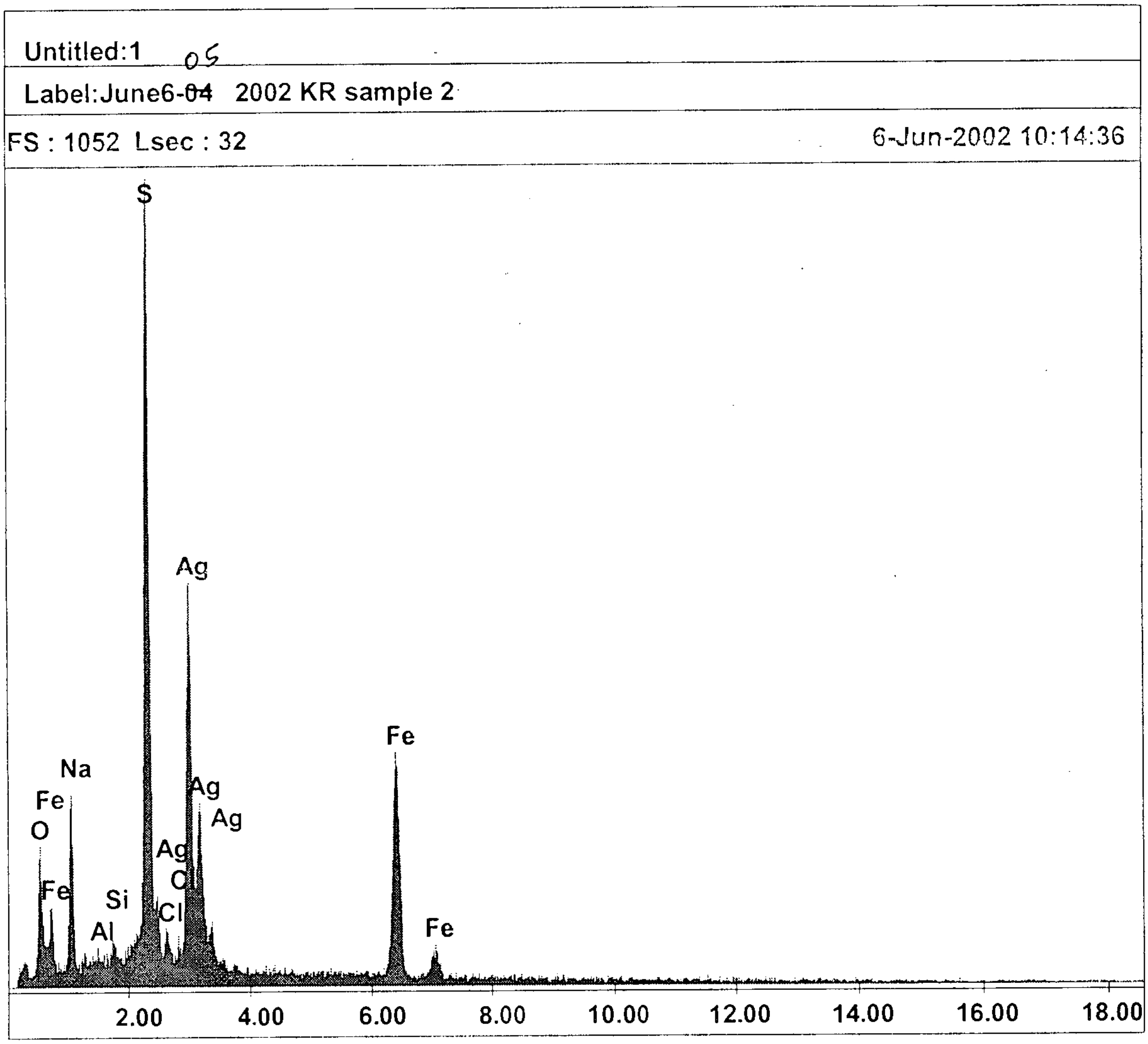
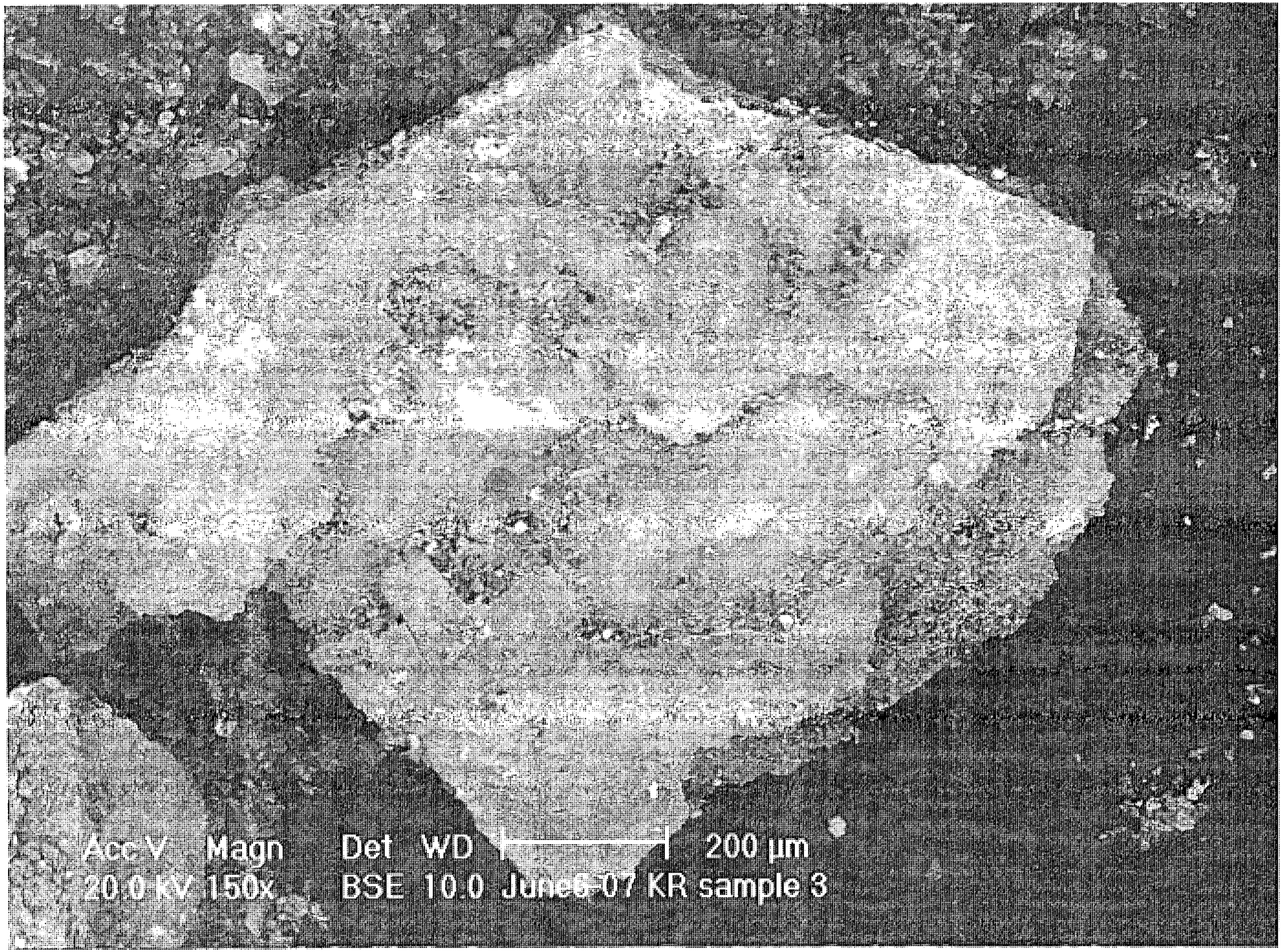
Sample 2



Sample ②, area scan.



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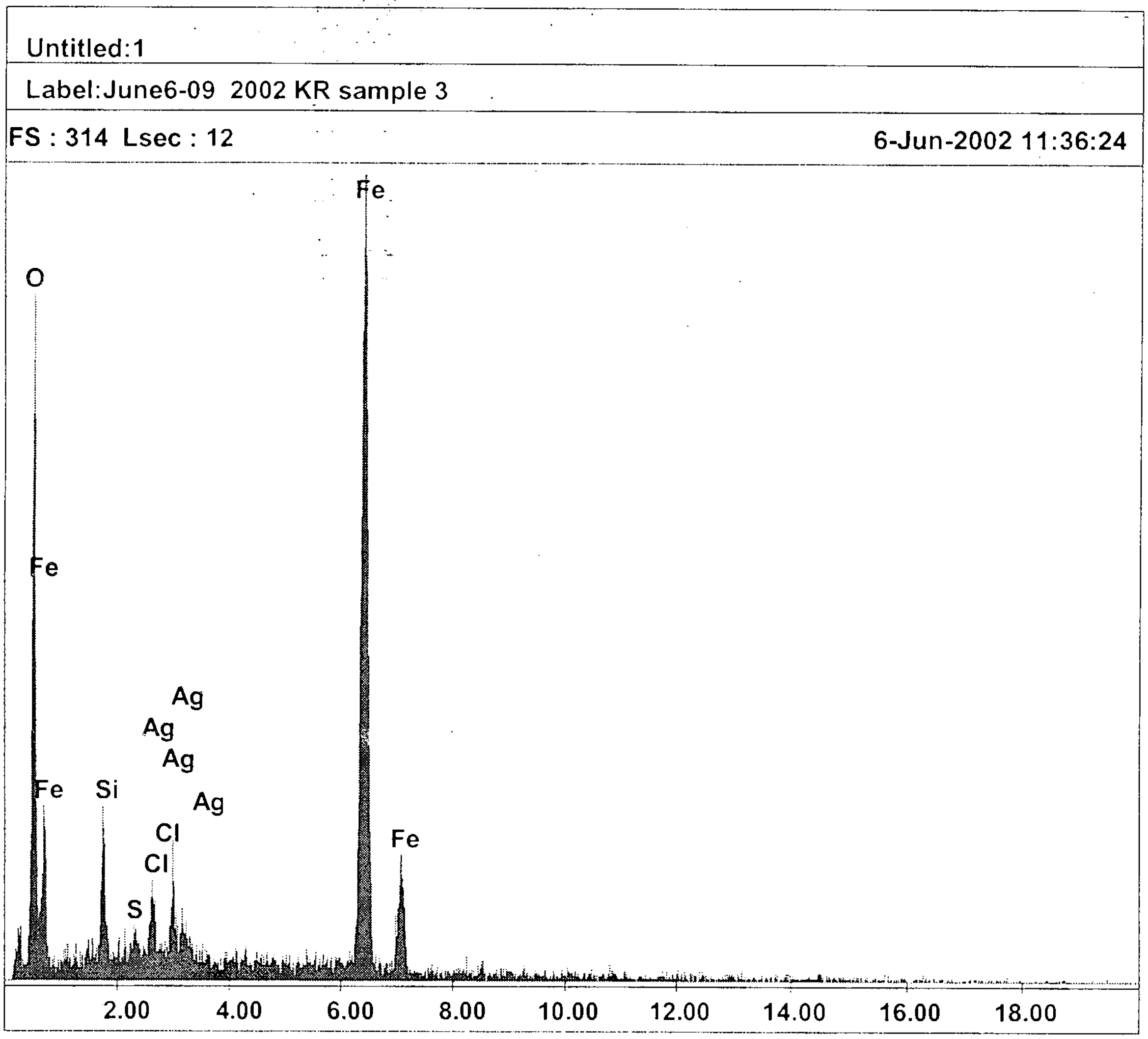
Sample 3

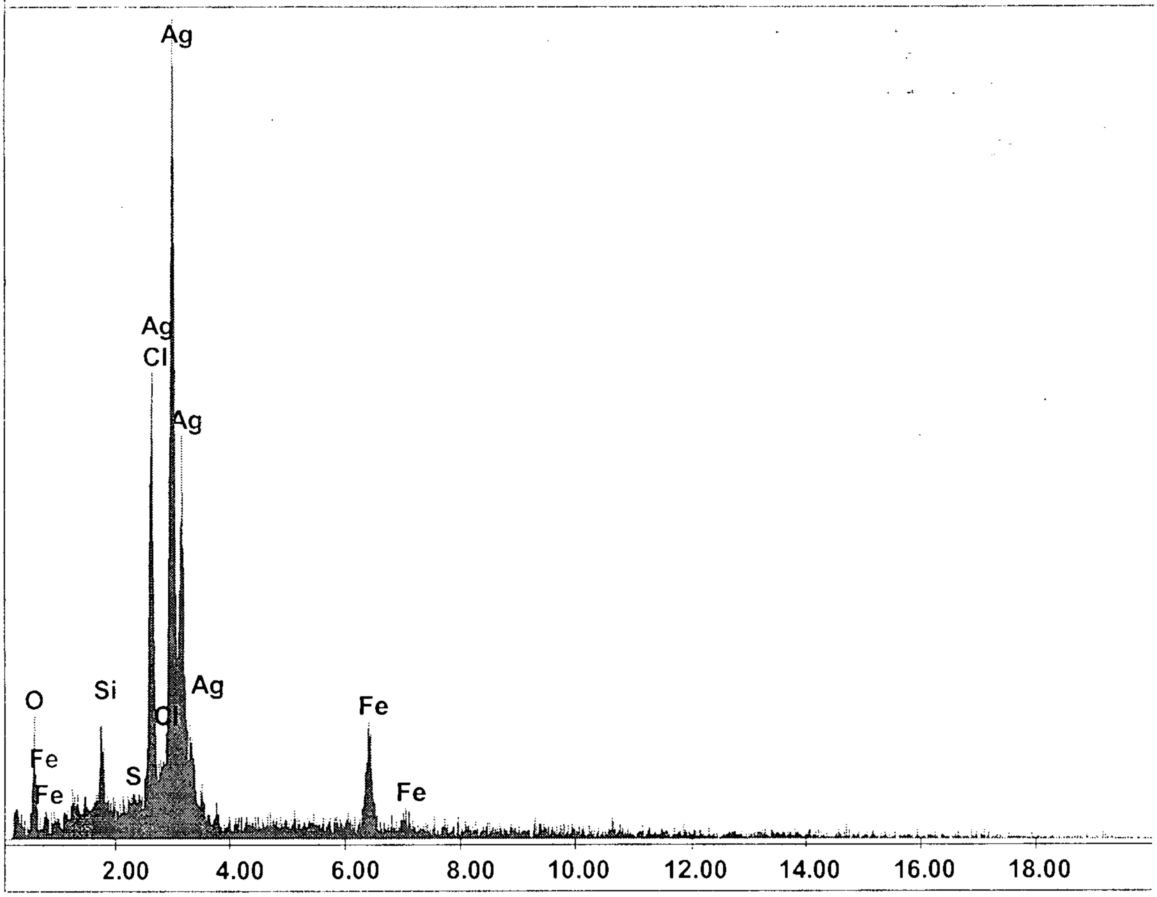


Sample ③ area scan

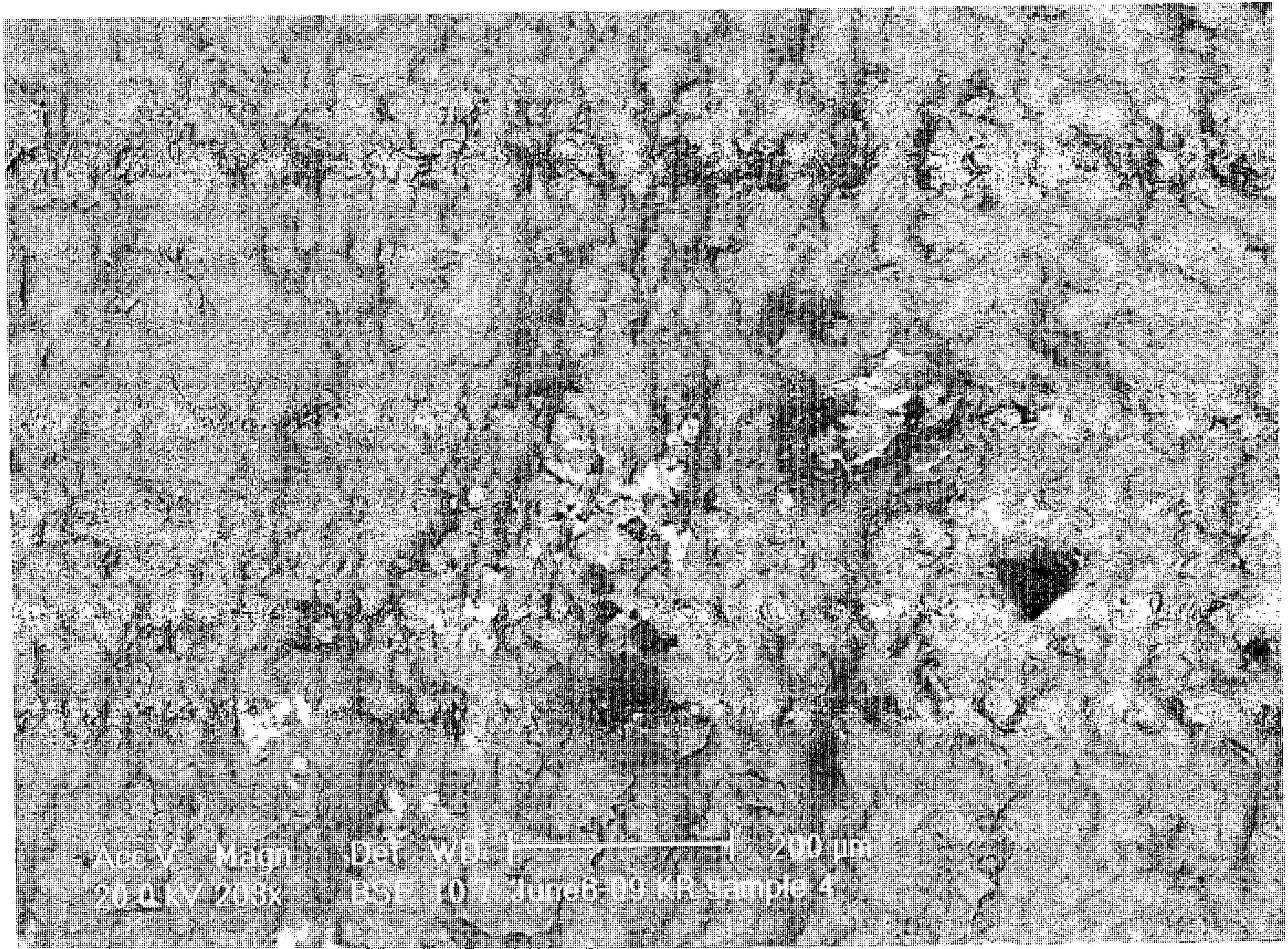
Untitled:1

Label:June6-10 2002 KR sample 3

FS : 407 Lsec : 10   6-Jun-2002 11:38:21

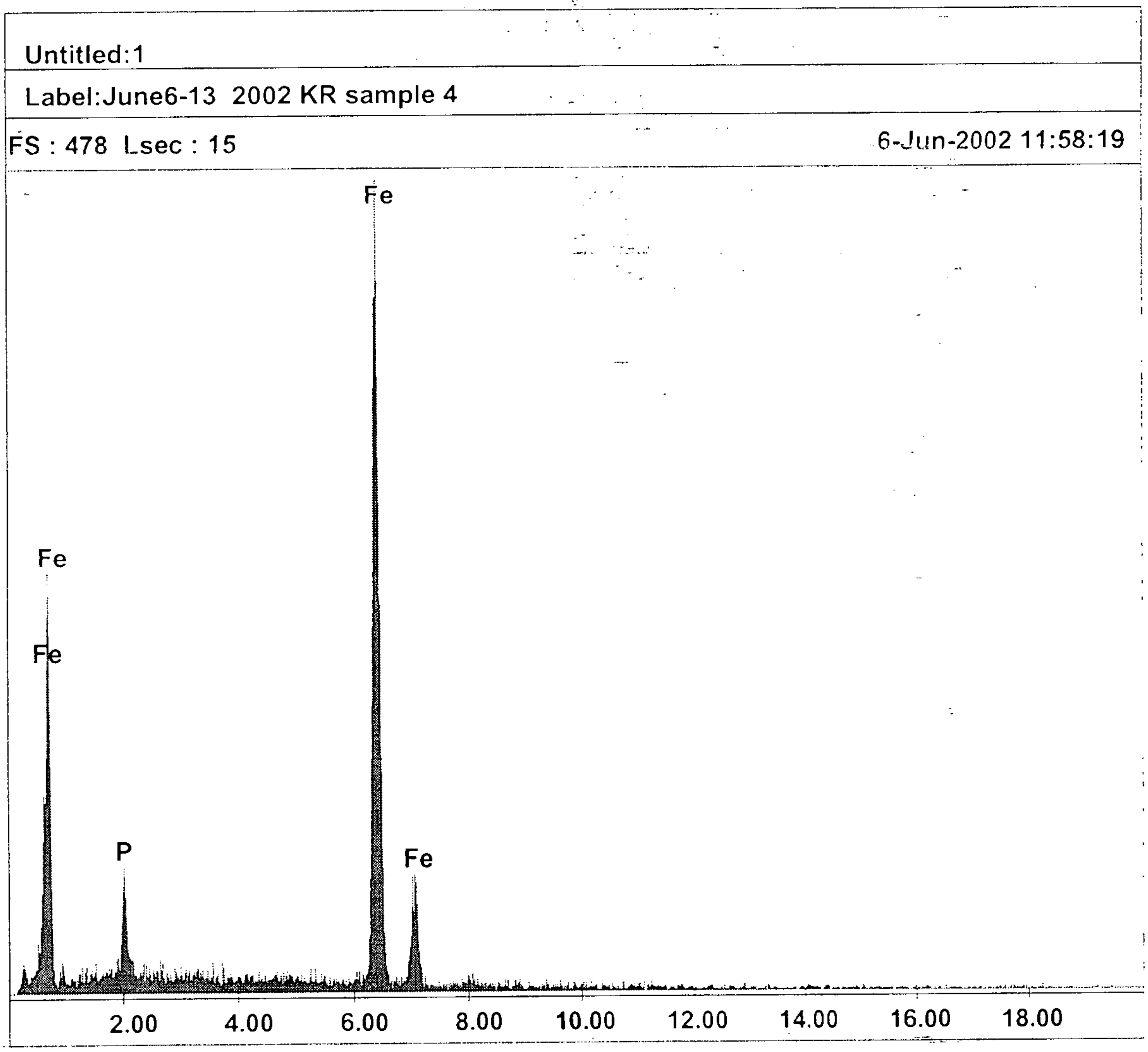


sample ③ bright spot



PRINTBF1.tif

sample 4

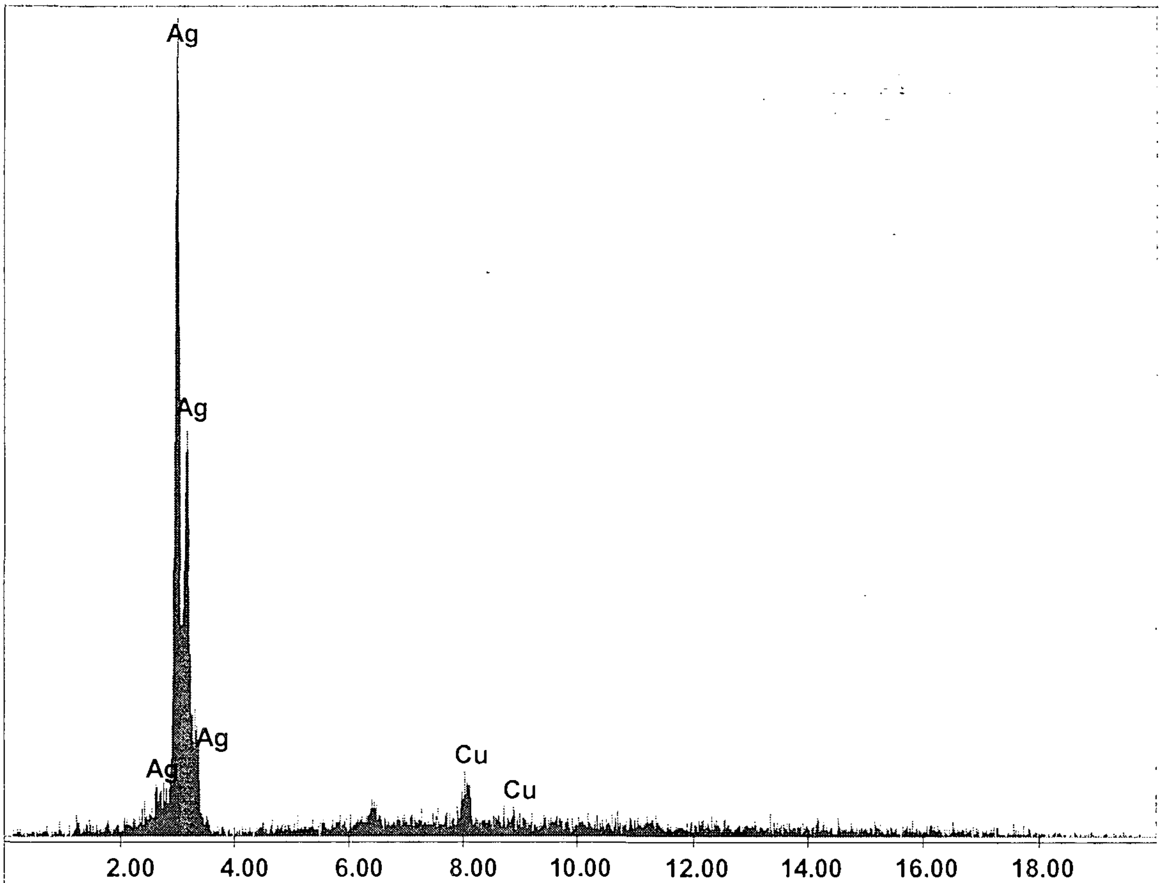


sample 4, area scan.

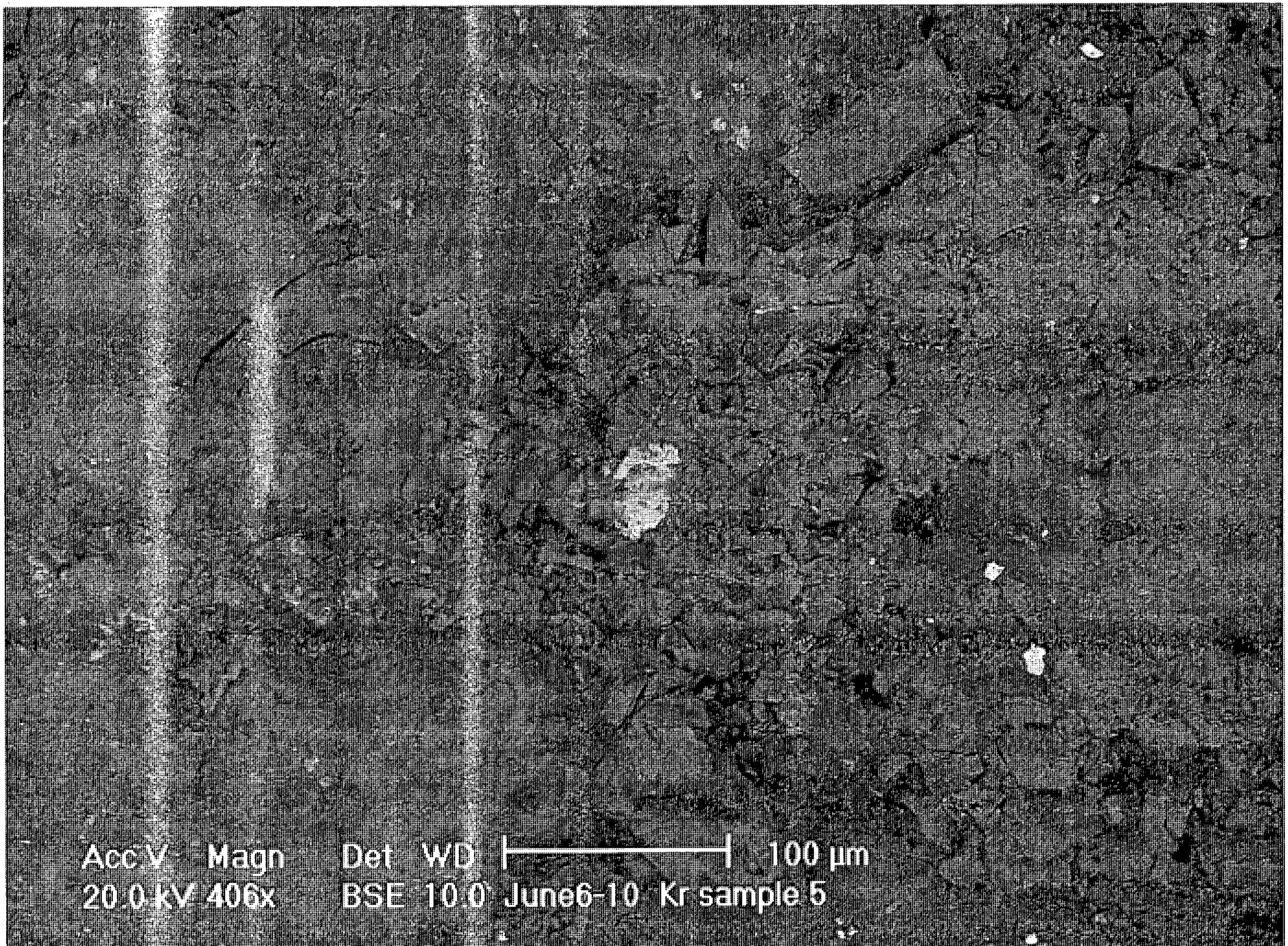
Untitled:1

Label:June6-14 2002 KR sample 4

FS : 345 Lsec : 14 6-Jun-2002 12:00:46



sample 4 bright spots



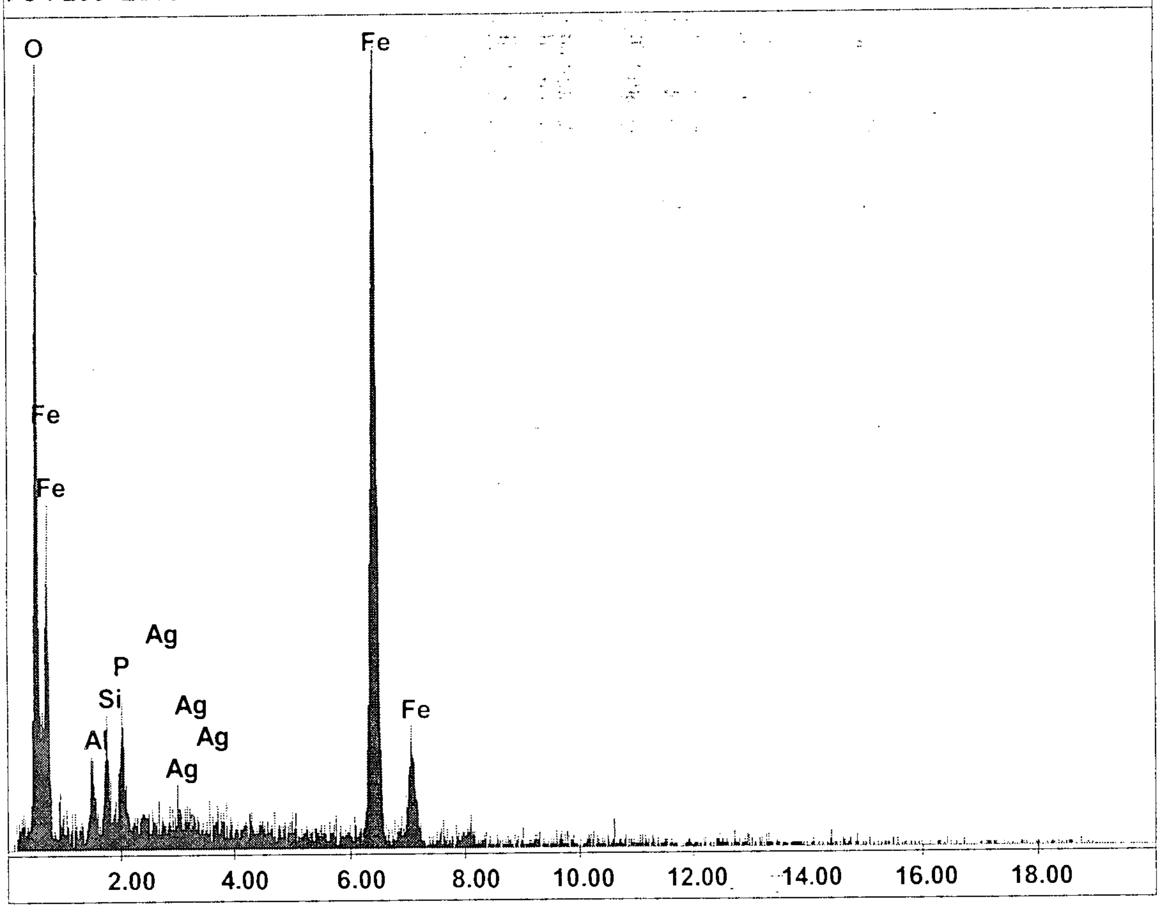
PRINTBF1.tif

sample 5

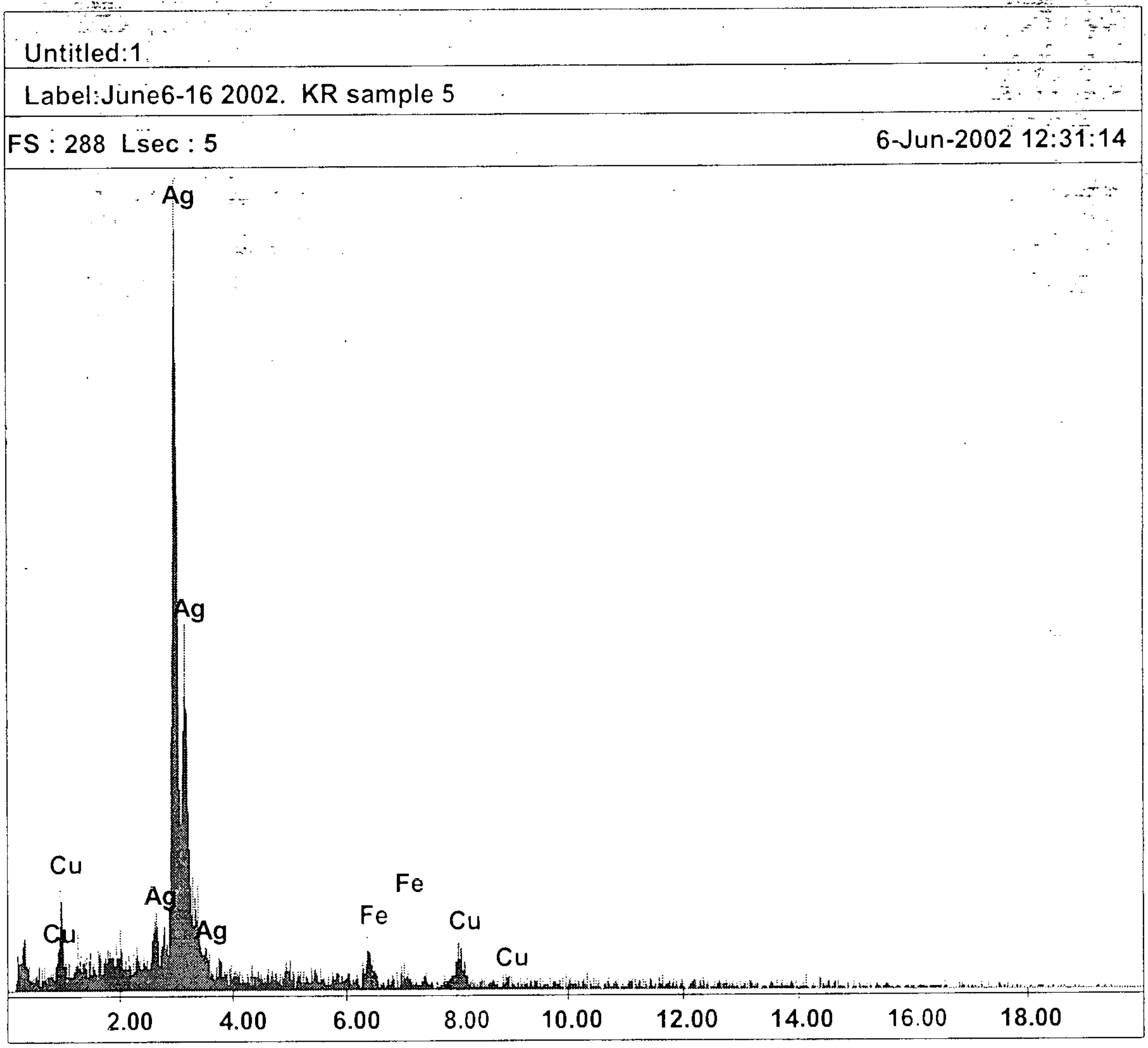
Untitled:1

Label:June6-15 2002 KR sample 5

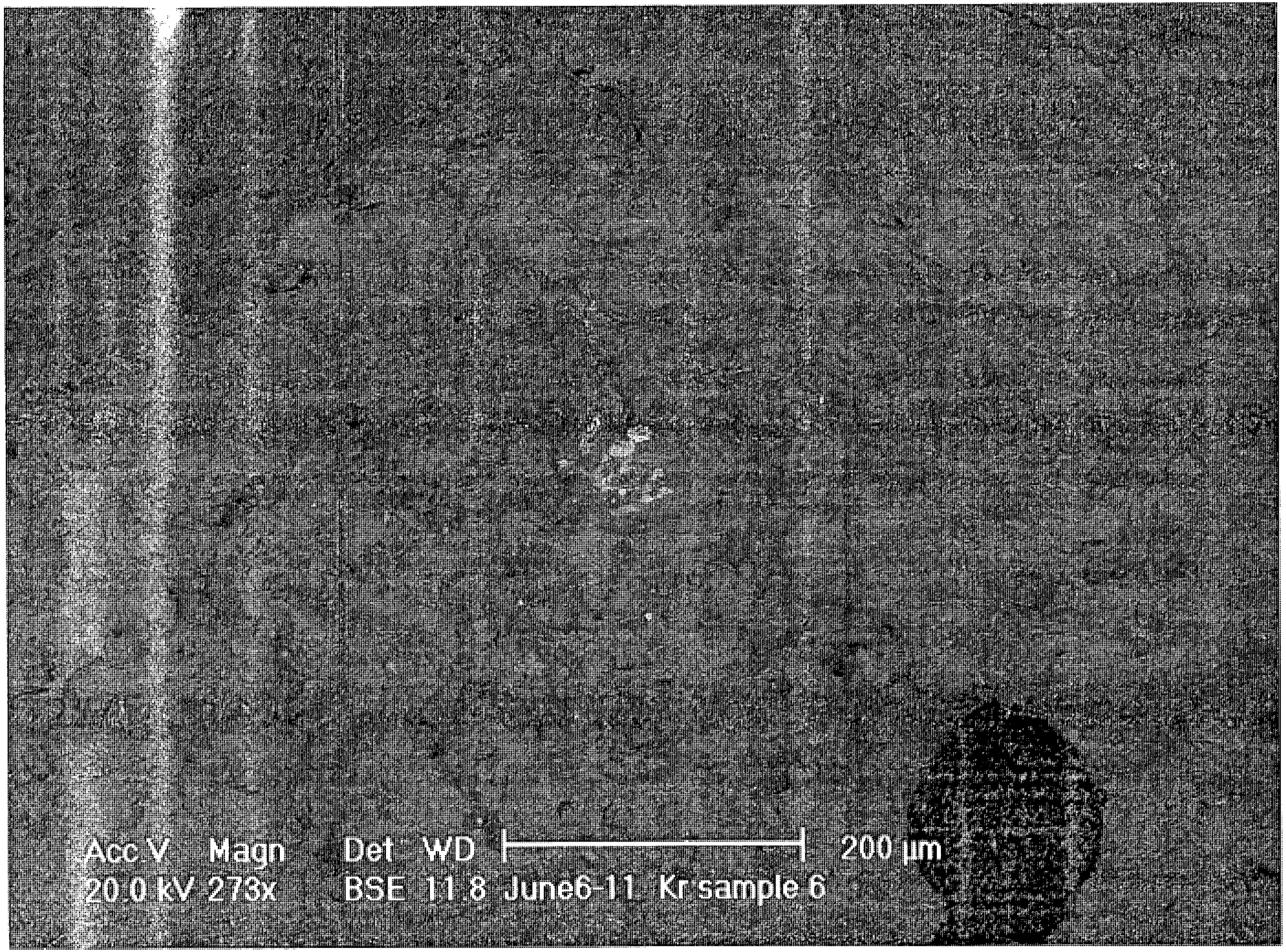
FS : 200 Lsec : 14 6-Jun-2002 12:05:29



sample 5 area scan

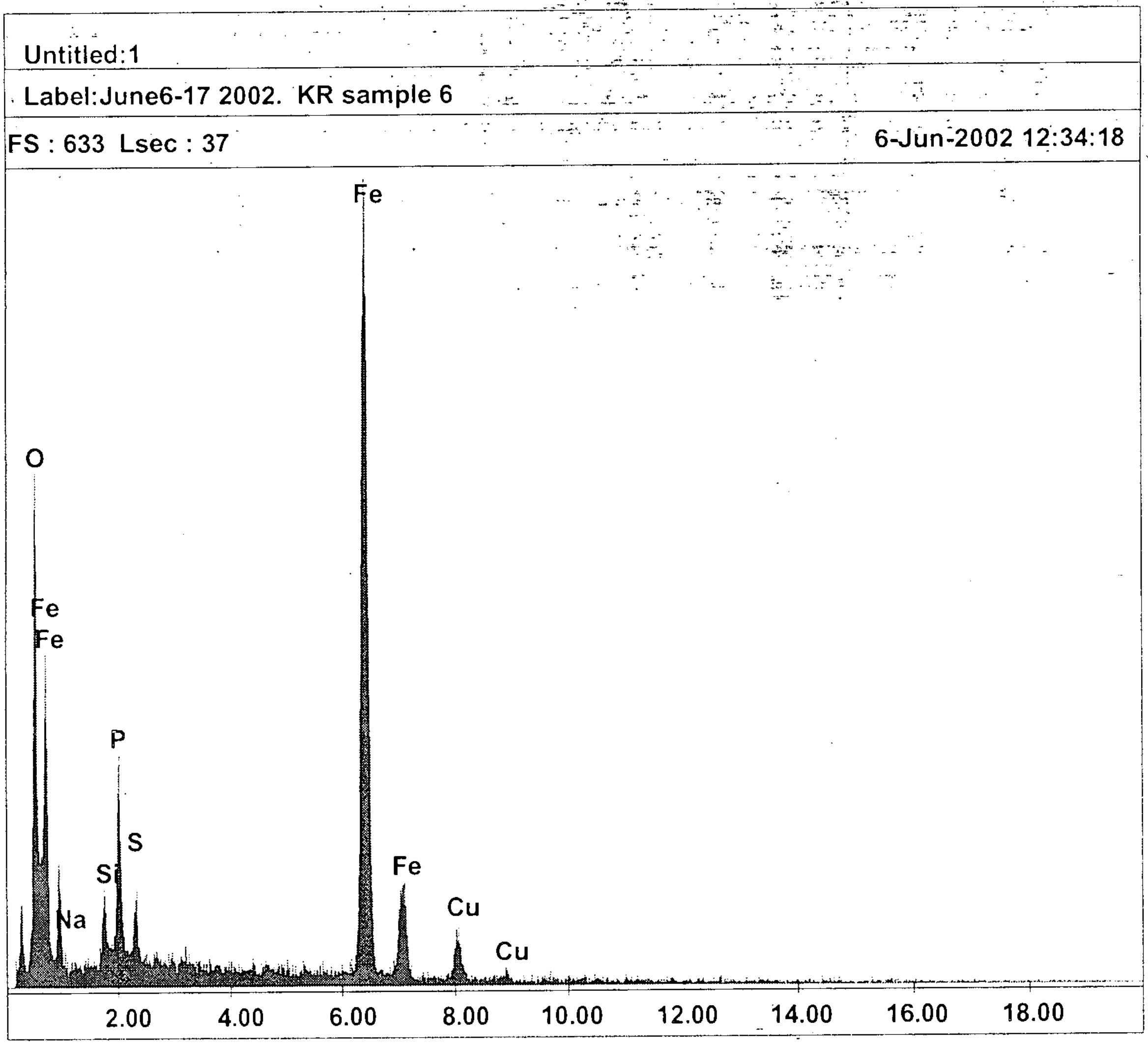


sample (5) bright spots.

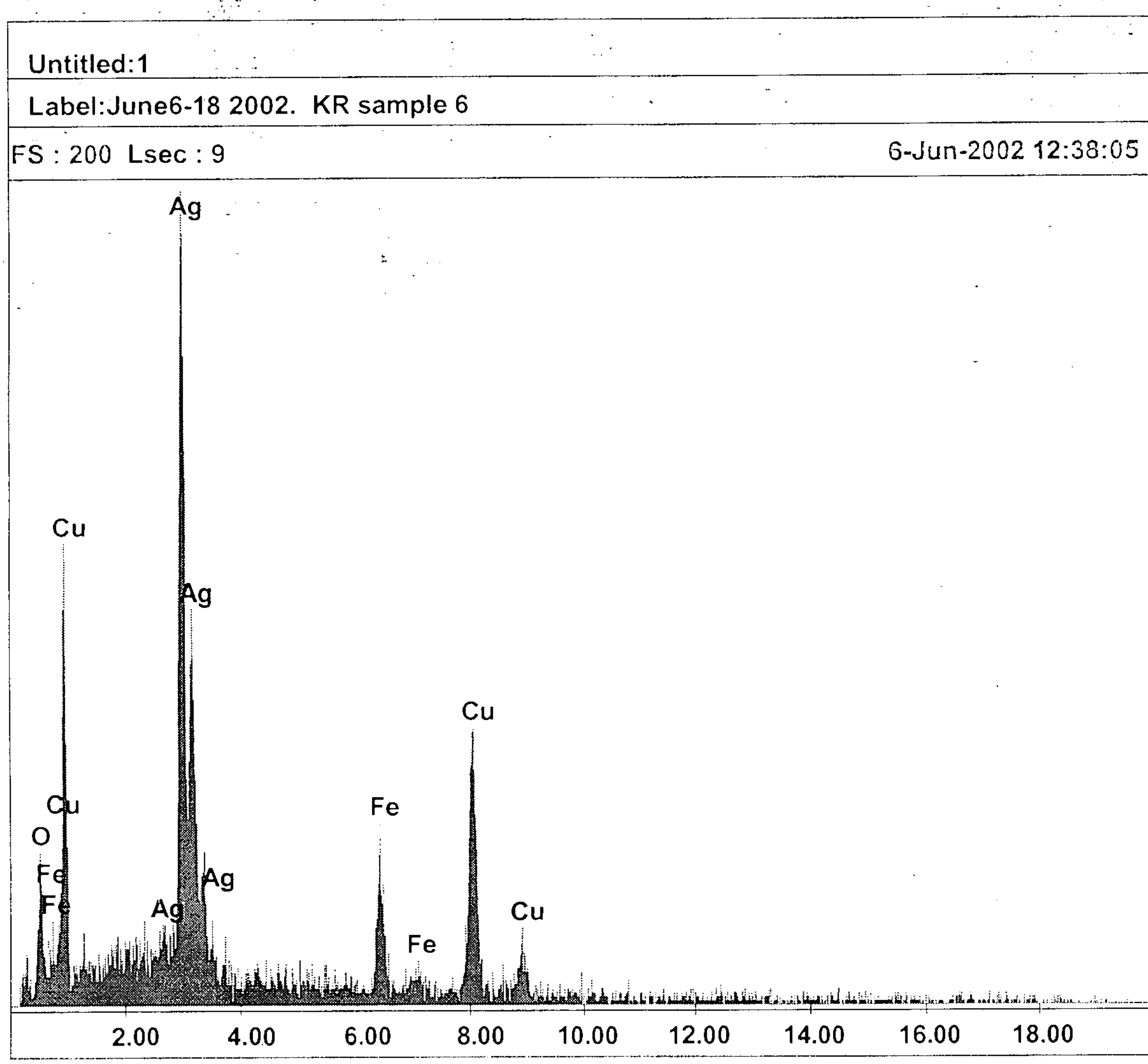


PRINTBF1.tif

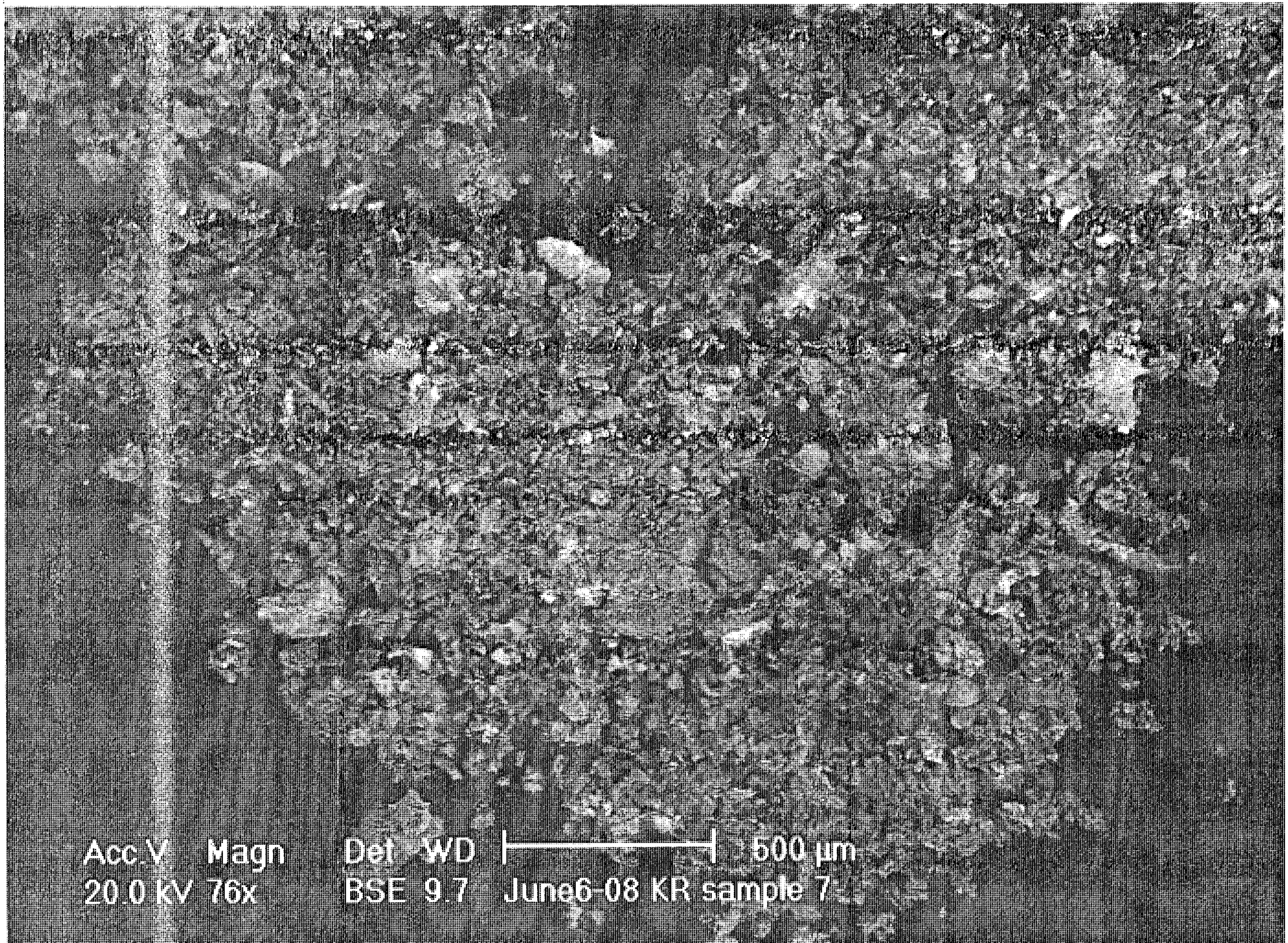
sample 6



sample (6), area scan



sample ⑥, bright spots.



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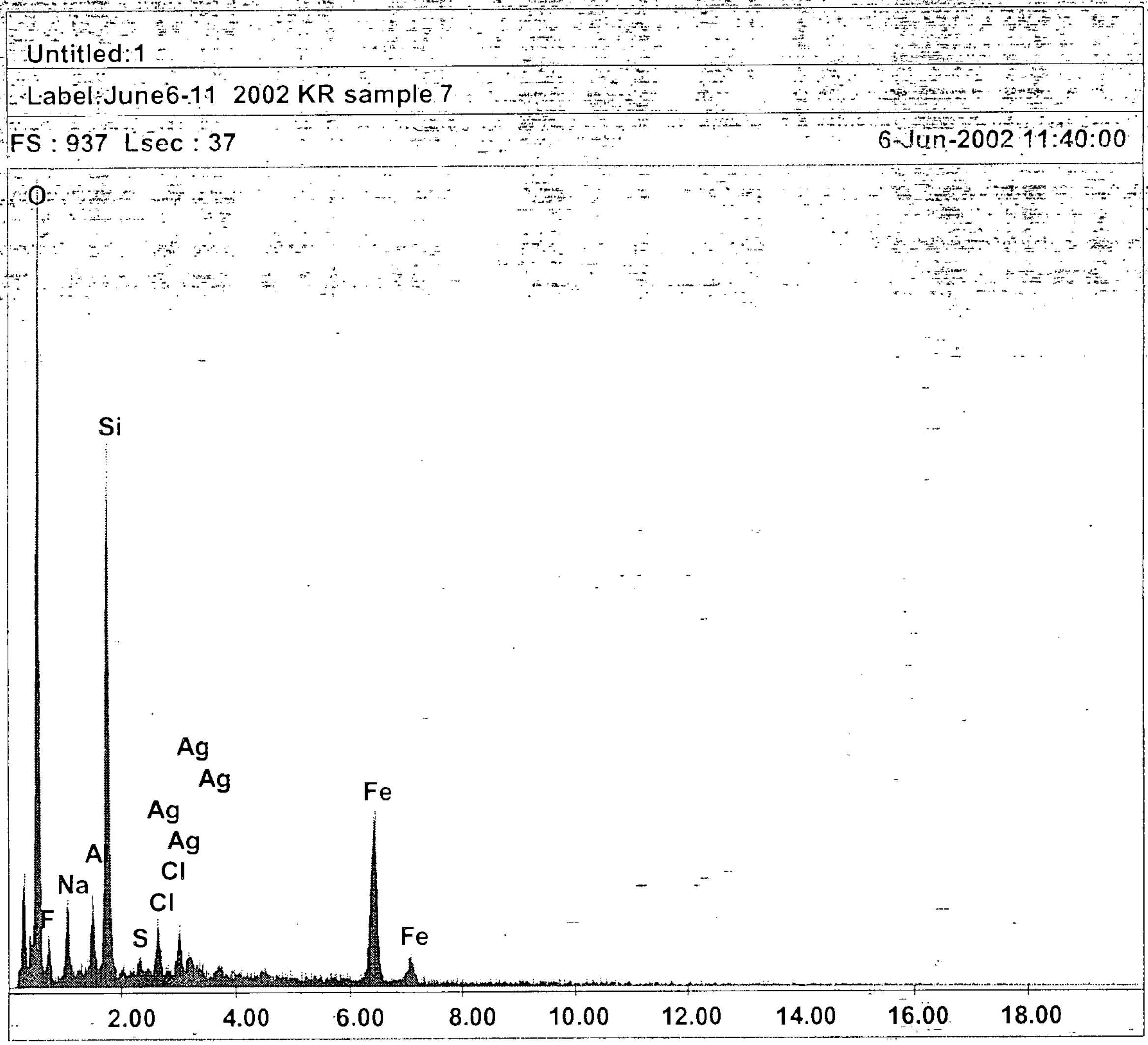
Sample 7

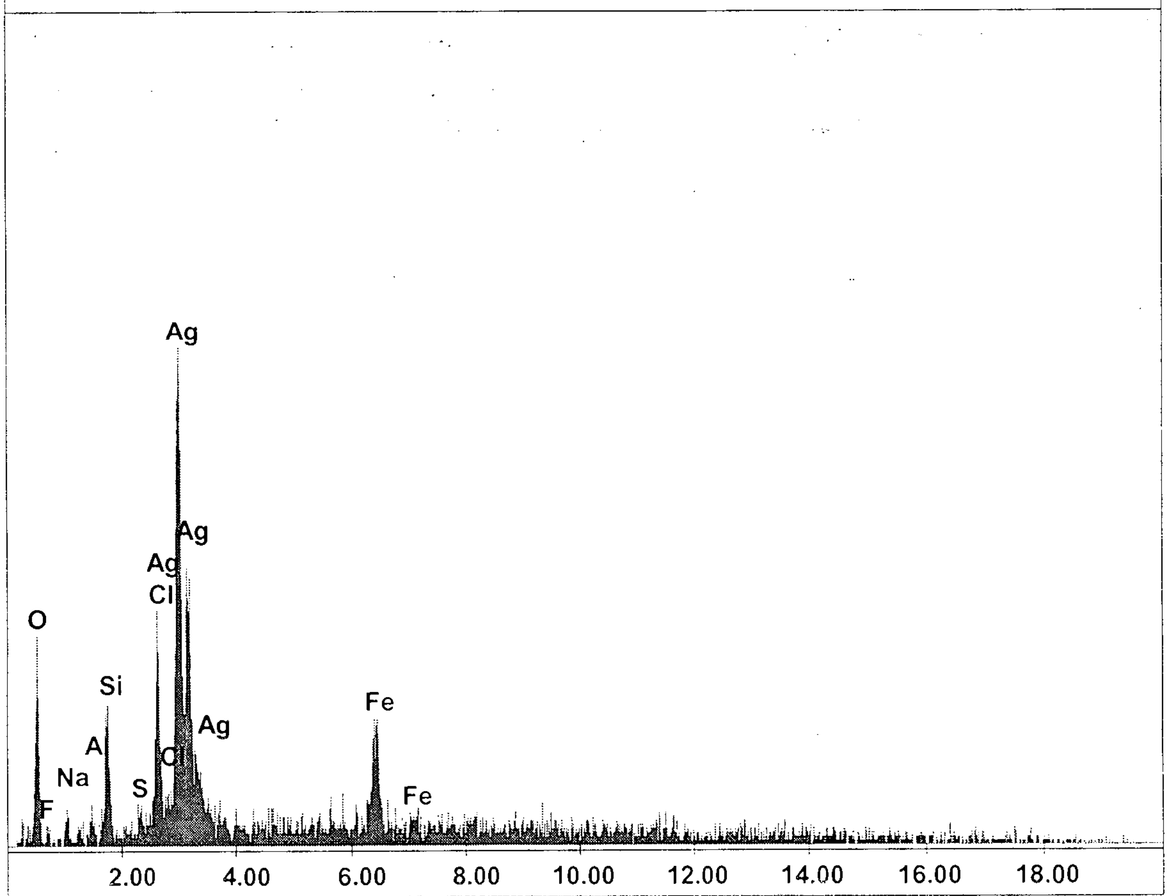


sample 7 area scan

Untitled:1

Label:June6-12 2002 KR sample 7

FS : 200 Lsec : 10 6-Jun-2002 11:42:50



sample ⑦ Bright spots

AURO RESEARCH LABORATORY
3043 ALTA VISTA ROAD
TORRINGTON, WY 82240

February 28, 2001

Mr. Kenneth Richardson
Agau Resources, Inc.
21-10405 Jasper Ave.
Edmonton, Canada T5J 3S2

TITLE: A REPORT OF FINDINGS USING VARIOUS TECHNIOUES FOR THE ASSAYING AND PROCESSING OF AN ORE (CALLED NA) FROM AGAU RESOURCES.

In processing the NA ore, liquid extraction of the ore was done on a 9-assay ton sample. The first extraction was accomplished with hydrochloric acid and a strong oxidizer. The liquor was recovered by filtration and the residue was again extracted by using aqua regia. Each extraction medium was partitioned with a successive organic solvent series of MIBK and TBP. The organic solvent phase was washed with 10% HCl. Precious metal fractions were recovered from the organic solvents as a precipitate. These precipitates were presented to Wyoming Analytical Laboratory (WAL) in Laramie, Wy (#18028 WAL request number). Their ICP data were used in this analytical technique. My Laboratory achieved similar results to WAL data but somewhat lower.

TABLE 1. ASSAY OF NA ORE.

GRAMS PER METRIC TON

FRACTIONS:	Au	Ir	Pd	Pt	Rh	Ag
1. AN, MIBK	14.1	-	-	-	-	25.6
2. AN, TBP	34.4	64.4	-	-	5.7	18.1
3. AR, MIBK	23.2	13.3	-	-	-	37.7
4. AR, TBP	51.7	16.6	-	-	-	31.1
5. AR, MIBK*	5.7	80.0	-	-	-	51.5
6. AR, TBP*	1.6	22.4	-	-	-	8.6
TOTALS	130.7	196.8	-	-	5.7	172.6
TOTALS, AURO-RESEARCH	43.1	-	17.8	88.1	6.9	5.6

*Reprocessed wash-fractions; from 10%HCl washings of fractions 1 to 4.

It should be noted that many of the analytical details are abbreviated only for convenience sake for these are very usual or standard techniques that any chemist would use in these assays.

TSL LABORATORIES
#2 – 302 48th Street · Saskatoon, SK · S7K 6A4
P (306) 931-1033 F (306) 242-4717 E tsllab@sk.sympatico.ca

CERTIFICATE OF ANALYSIS

SAMPLE(S) FROM Mr. Kenneth Richardson
Box 11, Site 14, RR #4
Edmonton, AB T5E 5S7

REPORT No.
S12167

SAMPLE(S) OF Metal Filing

INVOICE #:31401
P.O.:

Project:

	Au oz/t	Au1 oz/t
38.97	11.515	11.725

COPIES TO: K. Richardson
INVOICE TO: K. Richardson

Feb 18/03

SIGNED [redacted]
Mark Acres - Quality Assurance

Geoanalytical Laboratories SRC
125 - 15 Innovation Blvd., Saskatoon, Saskatchewan, S7N 2X8
Tel: (306) 933-8118 Fax: (306) 933-5656 Email: geochem@src.sk.ca

AGAU RESOURCES INC.
Attention: Ken Richardson
PO #/Project:
Samples: 8

Group #	Description	Date	Sample Type	Au g/tonne
2003-690	AH03 01	12-02-2003	Solid	0.16
2003-690	AH03 02	12-02-2003	Solid	0.03
2003-690	AH03 03	12-02-2003	Solid	0.07
2003-690	AH03 04	12-02-2003	Solid	0.07
2003-690	AH03 05	12-02-2003	Solid	0.14
2003-690	AH03 06	12-02-2003	Solid	0.06
2003-690	BLANK01	12-02-2003	Solid	0.06
2003-690	MA1B01	12-02-2003	Solid	7.73

AGAU RESOURCES INC.
Attention: Ken Richardson
PO #/Project:
Samples: 22

Geoanalytical Laboratories SRC
125 - 15 Innovation Blvd., Saskatoon, Saskatchewan, S7N 2X8
Tel: (306) 933-8118 Fax: (306) 933-5656 Email: geochem@src.sk.ca

Report No: 03-60
Date: February 26, 2003

Column Header Details

Gold by ICP in ppm (Au)
Pd Fire Assay by ICP in ppm (Pd)
Pt Fire Assay by ICP in ppm (Pt)

Sample Number	Au ppm	Pd ppm	Pt ppm
BLANK	0.03	<0.01	<0.01
METAL	535	0.41	1.99
ARODE	1676	1.63	8.68
PYRITE	2.16	<0.01	0.02
1Q1	0.08	<0.01	<0.01
2Q1	0.11	<0.01	<0.01
3Q1	0.06	<0.01	<0.01
4Q1	0.04	<0.01	<0.01
5Q1	0.03	<0.01	<0.01
6Q1	0.03	<0.01	<0.01
1W1	0.06	<0.01	<0.01
2W1	0.02	<0.01	<0.01
3W1	0.02	<0.01	<0.01
4W1	0.04	<0.01	<0.01
5W1	0.04	<0.01	<0.01
6W1	0.02	<0.01	<0.01
HO	0.10	<0.01	<0.01
N/A	0.13	<0.01	<0.01
QUARTZ BL	0.03	<0.01	<0.01
MA3A	2.25	<0.01	<0.01
*N/A	0.01	<0.01	<0.01
*W	0.03	<0.01	<0.01

* is litharge added

Geoanalytical Laboratories SRC
125 - 15 Innovation Blvd., Saskatoon, Saskatchewan, S7N 2X8
Tel: (306) 933-8118 Fax: (306) 933-5656 Email: geochem@src.sk.ca

AGAU RESOURCES INC.
Attention: Ken Richardson
PO #/Project:
Samples: 8

Report No: 03-690
Date: December 03, 2003

Column Header Details

Au by Fire Assay ICP in g/tonne (Au)

Sample Number	Au g/tonne
AH03 01	0.16
AH03 02	0.03
AH03 03	0.07
AH03 04	0.07
AH03 05	0.14
AH03 06	0.06
BLANK01	0.06
MA1B01	7.73

Certified value Ma1b = 17.0g/tonne .
Blank is Quintas Quartz Sand .

SPECIAL METHOD

AGAU RESOURCES INC.
Attention: Ken Richardson
PO #/Project:
Samples: 22

Geoanalytical Laboratories SRC
125 - 15 Innovation Blvd., Saskatoon, Saskatchewan, S7N 2X8
Tel: (306) 933-8118 Fax: (306) 933-5656 Email: geochem@src.sk.ca

Report No: 03-60
Date: February 26, 2003

Column Header Details

Gold by ICP in ppm (Au)
Pd Fire Assay by ICP in ppm (Pd)
Pt Fire Assay by ICP in ppm (Pt)

Sample Number	Au ppm	Pd ppm	Pt ppm
BLANK	0.03	<0.01	<0.01
METAL	535	0.41	1.99
ARODE	1676	1.63	8.68
PYRITE	2.16	<0.01	0.02
1Q1	0.08	<0.01	<0.01
2Q1	0.11	<0.01	<0.01
3Q1	0.06	<0.01	<0.01
4Q1	0.04	<0.01	<0.01
5Q1	0.03	<0.01	<0.01
6Q1	0.03	<0.01	<0.01
1W1	0.06	<0.01	<0.01
2W1	0.02	<0.01	<0.01
3W1	0.02	<0.01	<0.01
4W1	0.04	<0.01	<0.01
5W1	0.04	<0.01	<0.01
6W1	0.02	<0.01	<0.01
HO	0.10	<0.01	<0.01
N/A	0.13	<0.01	<0.01
QUARTZ BL	0.03	<0.01	<0.01
MA3A	2.25	<0.01	<0.01
*N/A	0.01	<0.01	<0.01
*W	0.03	<0.01	<0.01

* is litharge added

MINEX RESOURCES, LLC

22246 N. 19th Ave.
Phoenix, Arizona 85027

October 23, 2002

4D9

Ridley Worksheet

1. Performed a 100gm melt with 30gms nickel and 10gms silver as collectors with a temp. of 2900°F for 1.5 hours. The melt produced a 55.214 gm dore`. It appears the nickel consumed a portion of the iron present in the ore. The charge did not pour well, as evidenced by the appearance of the dore`, although it seems that precious metals were collected.

2. 10 gms were dissolved in the HCL to remove the nickel. Nickel was removed and digested in a 30% nitric solution. Digestion was inconclusive as is often thae case when HCL is used first. Dimethygloximine gave evidence of nickel in solution..

3. The 3gm scorifying assay was performed with no resultant bead. Scorifying was performed at 1832°F, possible conclusion being that high temp. and nickel will potentially break the iron matrix and collect values when a standard assay procedure will not – potentially, not conclusively.

4. To be discussed.

Sincerely,

[redacted]

Joseph P. Fahey

JPF / LS

Telephone: 623-581-1781 / Fax: 623-587-7612
Email: minexresource@aol.com

MINEX RESOURCES, LLC.
22246 N. 19th Avenue
Phoenix, Arizona 85027

November 18, 2002

SUMMARY

Minex Resources, LLC. was retained by Mr. Kenneth Richardson to evaluate the ore sample for PGE's provided by Mr. Richardson. Minex does not offer assaying or analytical services, but attempts to convert ore to the metallic state for analysis by others. See CSALID. #0210-124620.

Minex proposed a series of high-temp. melts with varying fluxes, collectors and resident time. The Minex In-house work using the Copper Sulfate Method #3772 yielded in the actual precious metal 6.41 opt including silver. The metal has numerous characteristics of PGE's. Melt & digest #3776 using the Nickel Method yielded 6.44 opt of precious metal, remarkably close to #3772.

It is our opinion this ore contains commercial precious metal values. Extensive process development work is warranted to meet industry standards in order to convert opinion to fact.

Minex thanks you for the opportunity to be of service and is prepared to discuss the data presented.

Sincerely,

[redacted]

Wayne Paulson
Operations Manager

WP/LS

Telephone 623-581-1781 / Fax 623-587-7612
E-Mail : minexresource@aol.com

MINEX RESOURCES, LLC.
22246 N. 19th Avenue
Phoenix, Arizona 85027

November 18, 2002

Letter Of Interest

Minex Resources, LLC. has today completed a preliminary pyrometallurgical study on the Clear Hill Iron Deposit, Alberta Canada, owned by AGAU Resources, Inc.

As represented to Minex by Mr. Kenneth Richardson there are 1.2 billion tons of blocked reserves.

Minex is prepared to continue at it's expense the process development work on the deposit. The objective is to ultimately enter into a purchase agreement for the deposit.

This letter is of a preliminary nature which precludes discussions of terms. A response at your convenience would be appreciated.

Sincerely

[redacted]

Joseph P. Fahey
Managing Member

JPF/LS

Telephone 623-581-1781 / Fax 623-587-7612
E-Mail : minexresource@aol.com

3766 Hi-temp Melt 100gm Ore / 30gm Ni Inquart
Dore' 54.82gm / 24.82 gm Gain

(Chemical digest of 54.82gm dore' utilizing same steps as reflected in # 3762 & ended up with .55mg bead for total weight)

3772 Hi-temp Melt 240gm Ore / 75gm Copper Sulfate Inquart
Dore' 43.0gm

A) Digested in 30% HCL Acid
B) Added Test Lead (Ag free) & cupelled
C) Ended up with a 51.28mg bead which equals 6.41 opt of precious metal.

3782 Hi-temp Melt 240gm Ore / No Collector
Dore' 54.785gm

A) Added 98.972gm AG to dore' & ended up with 154.644gm dore'
B) Added Test Lead (Ag free) & cupelled
C) Cupellation yielded 92.842gm and in addition 328mg of beads which did not fuse with the silver. The loss of silver is typical in this type of cupellation. We look for indications of PGE's on the surface of the dore'. The frosted appearance & the black beading effect give a strong potential of PGE's.

3783 Hi-temp Melt 100gm Ore / 75gm Ni Inquart
Dore' 65.542gm / 35.542 gm Gain

A) Digested in 75% HCL acid & after two (2) days we still had 16.934 grams undisolved metal.
B) Digested in 30% Nitric acid
C) Cupelled HCL and Nitric residue and ended up with a 21.45mg bead which equals 6.44 opt of AG or better.

Telephone 623-581-1781 / Fax 623-587-7612
E-Mail : minexresource@aol.com

MINEX RESOURCES, LLC
22246 N. 19th Ave.
Phoenix, Arizona 85027

November 4, 2002

3747

Total Dore' Weight 70.9571 grams

Element	Total Mg	opt.
Gold	.485 + .585 = 1.07 mg	.311
PT	.390 + .290 = .68 mg	.198
Pd	3.8 + .58 = 4.16 mg	1.212
RH	.20 + .30 = .50 mg	.145

Telephone: 623-581-1781 / Fax: 623-587-7612
E-Mail: minexresource@aol.com

CSAL INC.

d.b.a. Copper State Analytical Lab.
710 E. Evans Blvd. Tucson, AZ 85713

President: D.A. Shah
Since 1981

Phone (520) 884-5811 Fax (520) 884-5133 E-mail: CSALINC@aol.com

Mr. Kenneth Richardson
AGAU Resources Inc.
21-10405 Jasper Ave.
Edmonton , Canada, T5J-3S2

Received 10/28/2002
Reported 11/03/2002
Project Au, PGM
CSALID 0210-124620

Project: AUAG Resources
Sample Identification Minex 3747

ANALYTICAL REPORT

Assay		ICP	ICP		
Sample ID		Large Dore	Small Dore		
Dore Weight	gms	42.2318	28.7253		
CSAL ID		0210-124620-1	0210-124620-2		
Analytes	Units	Results	Results		
Gold	mgs	0.485	0.585		
Silver	mgs	xxxx (*)	xxxx (*)		
Platinum	mgs	0.39	0.29		
Palladium	mgs	3.8	0.58		
Rhodium	mgs	0.2	0.3		

Note: 1] (*) Silver was not analyzed by ICP due to very high concentration.
2] Results are reported in a total dore weight.

REGISTERED ASSAYER CERTIFICATE NO. 8388 Dayanendra Amritlal Shah

11/3/02

Reported By______________________ 11/03/02
D. A. Shah

File:0210-124620 / Minex AGAU Resources

* Arizona Registered Assayer #8888

SWIFT CREEK

			ARSENIC	BARIUM	BROMINE	CALCIUM	COBALT	CHROMIUM	CESIUM	IRON	HAFNIUM	MERCURY
Element	AU	AG	AS	BA	BR	CA	CO	CR	CS	FE	HF	HG
Units	ppb	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	%	ppm	ppm
LMEP	31	-5	260	610	2.4	-1	49	140	-1	35.5	3	-1
LMER	83	-5	260	560	2.6	-1	61	170	2	35.4	3	-1

	IRIDIUM	MOLYBDENIUM	SODIUM	NICKEL	RUBIDIUM	ANTIMONY	SCANDIUM	SELENIUM	TIN	STRONTIUM	TANTALUM	THORIUM	URANIUM	TUNGSTEN	ZINC
Element	IR	MO	NA	NI	RB	SB	SC	SE	SN	SR	TA	TH	U	W	ZN
Units	PPB	ppm	%	ppm	ppm	ppm	ppm	ppm	%	%	ppm	ppm	ppm	ppm	ppm
LMEP	-5	7	0.18	-57	25	7.8	13	-3	0	0	-0.5	11	5.1	6	510
LMER	-5	6	0.06	-63	59	8.6	14	-3	0	0	-0.5	13	6	6	560

Element	LA	CE	NO	SM	EU	TB	YB	LU
Units	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
LMEP	28.7	53	26	12	2.7	2.2	4.4	0.69
LMER	30.7	59	43	13	3.2	2.3	4.6	0.66
	LANTHANUM	CERIUM	NOBLIUM	SAMARIUM	EUROPIUM	TERBIUM	YTTERBIUM	LUTETIUM

									BISMUTH	VANADIUM	CALCIUM	PHOSPHORUS	MAGNESIUM	THALLIUM	ALUMINUM	POTASSIUM	YTTRIUM	BERYLLIUM	TELLURIUM
Element	CU	PB	ZN	AG	NI	MN	SR	CD	BI	V	CA	P	MG	TI	AL	K	Y	BE	TE
Units	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	%	%	%	%	%	ppm	ppm	ppm
LMEP	12	40	491	1	67	949	121	1.2	-5	975	1.42	0.796	0.54	0.08	2.6	0.43	58	12	2.5
LMER	15	39	504	1.1	72	1042	123	1.1	-5	1060	1.53	0.808	0.58	0.09	2.93	0.49	59	13	2.4
	COPPER	LEAD	ZINC	SILVER	NICKEL	MANGANESE	STRONTIUM	CADMIUM											

LMEP = PANNED SAMPLE
LMER = HEAD ORE

SCANDIUM

Events, Trends, and Issues: Nominal prices for domestically produced scandium compounds were unchanged from the previous year. The supply of domestic and foreign scandium remained strong despite increased demand. Although demand increased in 1997, the total market remained very small. Domestic increases in demand were almost exclusively the result of acquisitions for metallurgical research, and new applications in welding wire and scandium-aluminum baseball bats.

Scandium's use continued to increase in metal halide lighting. Scandium additions, as the metal or the iodide, mixed with other elements, were added to halide light bulbs to adjust the color to appear like natural sunlight. Demand also continued to increase for scandium-aluminum alloys. Future development is expected to occur in alloys for aerospace and specialty markets, including sports equipment. Market activity increased in 1997, primarily to meet demand for alloying. Scandium's availability from the Former Soviet Union (FSU) increased substantially back in 1992, after export controls were relaxed, and sales to the Western World have been increasing. China also continued to supply a small quantity of goods to the U.S. market.

The price of scandium materials varies greatly based on purity and quantity. The weight-to-price ratio of scandium metals and compounds was generally much higher for gram quantities than for kilogram purchases. Kilogram prices for scandium metal ingot were typically double the cost of the starting scandium compound, while higher purity distilled or sublimed metal ranged from four to six times the cost of the starting material.

World Mine Production, Reserves, and Reserve Base: Scandium was produced as a byproduct material in China, Kazakstan, and Russia. Foreign mine production data were not available. No scandium was mined in the United States in 1997. Scandium occurs in many ores in trace amounts but has not been found in sufficient quantities to be considered a reserve or reserve base.[6] As a result of its low concentration, scandium has been produced exclusively as a byproduct during processing of various ores or recovered from previously processed tailings or residues.

World Resources: Resources of scandium are abundant, especially when considered in relation to actual and potential demand. Scandium is rarely concentrated in nature due to its lack of affinity to combine with the common ore- forming anions. It is widely dispersed in the lithosphere and forms solid solutions in over 100 minerals. In the Earth's crust, scandium is primarily a trace constituent of ferromagnesium minerals. Concentrations in these minerals (amphibole-hornblende, pyroxene, and biotite) typically range from 5 to 100 parts per million equivalent Sc_2O_3. Ferromagnesium minerals commonly occur in the igneous rocks, basalt, and gabbro. Enrichment of scandium also occurs in rare-earth minerals, wolframite, columbite, cassiterite, beryl, garnet, muscovite, and the aluminum phosphate minerals. Recent domestic production has primarily been from the scandium-yttrium silicate mineral, thortveitite, and from byproduct leach solutions from uranium operations. Future production is expected from tantalum residues. One of the principal domestic scandium resources is the fluorite tailings from the Crystal Mountain deposit near Darby, MT. Tailings from the mined-out fluorite operations, which were generated from 1952 to 1971, contain the scandium mineral, thortveitite, and other associated scandium-enriched minerals. Resources are also contained in the tantalum residues previously processed at Muskogee, OK. Smaller resources are contained in tungsten, molybdenum, and titanium minerals from the Climax molybdenum deposit in Colorado, and in kolbeckite (sterrettite), varisite, and crandallite at Fairfield, UT. Other lower grade domestic resources are present in ores of aluminum, iron, molybdenum, nickel, phosphate, tantalum, tin, titanium, tungsten, zinc, and zirconium. Process residues from tungsten operations in the United States also contain significant amounts of scandium.

Foreign resources are known in China, Kazakstan, Madagascar, Norway, and Russia. China's resources are in tin, tungsten, and iron deposits in Jiangxi, Guangxi, Guangdong, Fujian, and Zhejian Provinces. Resources in Russia and Kazakstan are in the Kola Peninsula apatites and in uranium-bearing deposits, respectively. Scandium in Madagascar is contained in pegmatites in the Befanomo area. Resources in Norway are dispersed in the thortveitite-rich pegmatites of the Iveland-Evje Region and a deposit in the northern area of Finnmark. An occurrence of the mineral thortveitite is reported for Kobe, Japan. Undiscovered scandium resources are thought to be very large.

Substitutes: In scandium's few applications, such as lighting and lasers, it is generally not subject to substitution.

[e]Estimated. NA Not available. W Withheld to avoid disclosing company proprietary data.
[1]Less than 250 micron, 99.9% purity. 1993 through 1997 prices converted from 0.5 gram price, from Alfa Aesar.
[2]Lump, sublimed dendritic 99.99% purity, from Alfa Aesar.
[3]Bromide, chloride, and fluoride in crystalline or crystalline aggregate form and scandium iodide as ultradry powder from Alfa Aesar.
[4]Defined as imports - exports + adjustments for Government and industry stock changes.
[5]See Appendix B.
[6]See Appendix D for definitions.

SCANDIUM

(Data in kilograms of scandium oxide content, unless otherwise noted)

Domestic Production and Use: Demand for scandium increased in 1997. Although scandium was not mined domestically in 1997, quantities sufficient to meet demand were available from domestic concentrates and tailings. Principal sources were imports from Russia and tailings previously produced from tantalum processing in Muskogee, OK. Companies that processed scandium ores, concentrates, and low-purity compounds to produce refined scandium products were located in Mead, CO; Urbana, IL; and Newport, TN. Capacity to produce ingot and distilled scandium metal was located in Phoenix, AZ; Urbana, IL; and Ames, IA. Scandium used in the United States was derived from both domestic and foreign sources. Principal uses for scandium in 1997 were metallurgical research, high-intensity metal halide lamps, analytical standards, electronics, and laser research.

Salient Statistics—United States:	1993	1994	1995	1996	1997[e]
Production, refinery	W	W	W	W	W
Imports for consumption	NA	NA	NA	NA	NA
Exports	NA	NA	NA	NA	NA
Consumption	W	W	W	W	W
Price, yearend, dollars:					
Per kilogram, oxide, 99.0% purity	1,600	1,600	1,500	1,400	1,400
Per kilogram, oxide, 99.9% purity	3,300	3,300	3,300	2,900	2,900
Per kilogram, oxide, 99.99% purity	5,200	5,200	5,100	4,400	4,400
Per kilogram, oxide, 99.999% purity	9,000	9,000	7,650	6,750	6,750
Per gram, powder, metal[1]	372.00	372.00	372.00	372.00	285.00
Per gram, sublimed, metal[2]	312.00	169.00	169.00	169.00	172.00
Per gram, scandium bromide, 99.99% purity[3]	80.00	80.00	80.00	80.00	90.00
Per gram, scandium chloride, 99.9% purity[3]	62.00	37.00	37.00	37.00	38.80
Per gram, scandium fluoride, 99.9% purity[3]	129.00	77.00	77.00	77.00	78.50
Per gram, scandium iodide, 99.999% purity[3]	78.00	78.00	78.00	78.00	148.00
Stocks	NA	NA	NA	NA	NA
Employment, processors, number	12	12	8	5	4
Net import reliance[4] as a percent of apparent consumption	NA	NA	NA	NA	NA

Recycling: Minor, recovered from laser crystal rods.

Import Sources (1993-96): Not available.

Tariff: Item	Number	Most-favored-nation (MFN) 12/31/97	Non-MFN[5] 12/31/97
Mineral substances not elsewhere specified or included: Including scandium ores	2530.90.0000	Free	0.3¢/kg.
Rare-earth metals, scandium and yttrium, whether or not intermixed or interalloyed including scandium	2805.30.0000	5.0% ad val.	31.3% ad val.
Mixtures of rare-earth oxides except cerium oxide, including scandium oxide mixtures	2846.90.2010	Free	25% ad val.
Rare-earth compounds, including individual rare-earth oxides, hydroxides, nitrates, and other individual compounds, including scandium oxide	2846.90.8000	3.7% ad val.	25% ad val.
Aluminum alloys, other: Including scandium-aluminum	7601.20.9090	Free	10.5% ad val.

Depletion Allowance: Percentage method, 14% (Domestic), 14% (Foreign).

Government Stockpile: None.

Prepared by **James B. Hedrick, (703) 649-7725 [Fax: (703) 648-7722].**

CASCADE LEGAL RULED PAD P3-C811CP

2-19-98

60 grams - CONS (TIME IN - 12:50 P.M. - OUT - 1:50 PM)

(1). 25% NITRIC 100 mL
75% DISTILLED WATER - 400 mL
HEAT-STIR 1 HR.
FILTER -
Add — grams CAUSTIC Soda - FLOCK

(2) RERUN TAILS - TIME IN 2.10 Pm - 3 OUT
25% Hydro 100 mL
75% distilled WATER. 400 mL.
FILTER
Add — grams CAUSTIC Soda - FLOCK.

TEST (1) CAUSTIC SodA 150 ~~ML~~ ML - DRY - 150 ML Distilled water
PH — .018 - 1rst drop - 6.58 — 8.8 - Red BROWN - SOL - CLEAR Gold color
(2) Add NITRIC 1 ML - PRECIPITS WHITE FLOCK - SOL TURNS YELLOW
(3) PH - 13.4 - PRECIPITS AT 12.31 ORANGE WHITE — FILTERED SOL - Add
(4) NITRIC - GET MILKY WHITE PRECIPT PH - 9.49

[redacted]

Hydro - 2nd WASH of ORE

(1) PH-~~.47~~ - PRECEIPT AT PH 7.33 (COLOR RUST BROWN)
TOOK FILTER SOL - FROM PH 7.33 PH 12.9 - BACK TO PH 1.5
up - To PH. 8.7 - Nothing - BACK To PH. 11.56 - Nothing

Two reports
that were requested by
TB in his March 3, 2005
letter were SUBMITTED,
LOOK GOOD - I think
I need help in cost evaluation

[redacted]

1-780 973-5238

Metallic Metal Smelter Process
for Precious Metals

Formula (X)

Mix ore 15 gr. with caustic soda 15 gr. using 10 ml of dist. water H20. Heat for 1 hour hot. Set for 8 hrs. Then add am. N. 15 gr.

Then mix 10 ml of Dist. water 10 ml of nit. acid dissolving 3.00 gr. of ag. (silver) wait for re-action - Strong re-action - careful then add salt 15 gr. stir and keep of high temp. will raise up - Then add flour 15 gr. baking soda 15 gr. soda ash 15 gr. borax 15 gr. Fire at 1900° for 1 hour.

[redacted]

Reg. water

Formula (B) - Lead

heat
15 gr of ore Ken's B
10 ML of Nit
10 ML of Water

add

5 gr. of Am. Nit
5 " " Salt

dissolve & add to mix
5 ML of Water
5 " " Nit
1. gr ag inquart

add

15 gr. ~~F~~lour
" B/B
" S/A
" B

10 gr. lead

Test # 41

Note: button 10.099

cupel .789

filter from Nit/water .0406 94 %.

Page #75

Formula 98F <Dry Mix>

<No salt or nit.>

Ore M/S

15 gr. of ore

5 " " Am N

.5 gr. of ag- inquart

10 " of flour

" " " B/S

" " " S/A

" " " B

Test ~~#~~ 12 #12

Note: two firings button .664 inquart was .663
filter & parted in net cupel .0264 52 g
second firing .0208 42.7 g
Use with lead test ??

Formula X

Ken's [redacted] 1

15 gr of ore
15 g/s
10 DIST. water
} mix heat

add

15 gr am. N.

10 N
10 w
1.075 gr. of ag
} heat dissolved ag. nit. add to mix

Then add your
15 gr of Salt
flour
B/S
S/A
B

Test #21 button 4.010
cupel .221
.0026 = 4 oz per ton

Note refire with lead - bad pour first time could only ag. present?

Test #24 Ken's B using 10 gr. of lead
button 8.807 cupel .288 solution .033 67.8%

Page #70

Formula #2 using HCL

15 gr ore SK-R
10 dist water
5 HCL
1 gr. ag inquart
5 gr. salt

Heat to

add 10 gr. Flour
" " B/S
" " Soda Ash
" " Borax
3 gr. lead ON TOP

Note – button weight 3.504 TEST #2
cupel 1.083
filter from Nit/W .0663 – 1362 g.

Test # 15-2 ~~ore~~ SK-R button 2.768 0 ?

Test # 16-2 ore m/s button 3.00
cupel
.0489 – 100 g.

Test # 17-2 ore Ken's B gain from lead wrap

inquart 1. gr. of ag. .999

from cupel 2.109 = 4,333 g.

Note, need to be in ... gain ... .088

20040004

695491 Alberta Ltd.
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September 29th, 2004

UPDATE TO THE ASSESSMENT WORK REPORT 2004

This report is relative to the Metallic and Industrial Minerals Permits Nos.
9302010076, 77, 78, 79 & 80
&
9301100011, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, & 23

Prepared by
Kenneth Richardson
President of
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&
World Wide Joy-Way Corp.

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September 29, 2004

Alberta Energy, Mineral Development Division
7th Floor North Petroleum Plaza
9945 – 108 Street, Edmonton, Alberta
T5K 2G6

Attention: Susan Carlisle, Director, Mineral Agreements, Coal & Mineral Development

Dear Ms. Carlisle:

Re: Metallic & Industrial Permit Nos. 9302010076 to 9302010080 (Assessment Report No. 20040004 – Badheart)

This letter is in reply to your letter of September 3rd, 2004. I appreciate your need to receive clarification on some of the expenditures that were submitted. In response to your queries I submit the following.

I am surprised by the Mineral Development Division's requirement to report only on items of "mineral assessment", which your letter of September 3, 2004 defined as "field work, laboratory work and analysis". As you will see, there is more than enough expense in that category for me to report. My point is that the expenses involved in product design and development should also be considered. The work of product design and development is strongly linked to the mineral assessment, indeed is crucial to the realizing of this property's potential. I disagree with your Division's requirement to exclude these expenses. For example, I am in daily contact with Ronnie Dale Ashley of Ashley Mines. Mr. Ashley performs assays on our iron ore in his lab in Arizona. We compare assay results and act as a cross-reference for each other.

That being said, an explanation of the "mineral assessment" expenditures follows:

Kenneth Richardson and Rodney Richardson

During the period, there were many contractors involved in creating technologies and processes to use in the mineral assessment of the Badheart Property. These contractors and their contributions were listed in the Assessment Work Report and included: Jim Humble, Orvie Zimmerman Jr., Earl Gingras, et al. Though Kenneth and Rodney Richardson helped and advised the contractors on occasion, their contribution to the development and design of processes and technology was minimal. It is estimated that only 10% of their time was spent on these types of activities. 90% of their time was spent on mineral assessment (field work, laboratory work and analysis). Therefore, the expenditure of salaries for Kenneth and Rodney Richardson for mineral assessment was 90% X $219,120 = $197,208.

Process and Technology Development and Design

Jim and Mike Terry worked on assaying and designing smelting processes for iron ore. It is estimated that 75% of their time was spent on assaying and 25% was spent on designing smelting processes. 75% X $30,000 = $22,500. The method and assay results are found at the end of the Assessment Work Report.

Dale Cunningham

It is estimated that 25% of his time was spent on the development and design of processes and technology. Therefore, the mineral assessment expense was 75% X $16,014 = $12,011. We discovered through the use of the centrifuge that the ore was not amenable to this method of concentration. However, there are lenses of several inches thick within the iron ore which do lend themselves to using a centrifuge, but are deemed to be not commercially viable for the extraction of noble metals in the Iron Cap.

Loring Laboratories

The lab and field sample cross references are included in the report on pages 23-25 in the document written by G.S. Hartley, P. Geol. (Summary of the 2001, 2003 & 2004 Sampling Programs) (Yes it's all there I missed it.) $455

Laboratory Supplies and Overhead Expenses

I submitted an estimate of $52,800 for Miscellaneous Expenses. Using your suggested method of calculating the overhead as 10% of the revised total mineral assessment expenditures, the overhead expense is $35,805. The remaining $16,995 was spent on laboratory supplies. Most of these supplies were acquired before the reporting period and then consumed on this project from inventory. All the supplies (eg. fluxes, cupels, crucibles) were used for mineral assessment.

Unreported Expenditures

You mentioned that the expenditures for Minex Resources were not reported. In Quarter 3 there is a figure of $6,667 (Can.) listed. As for Birch Mountain, Kenneth Richardson worked for Birch Mountain as a consultant and was credited $10,000. Birch Mountain then performed analytical work worth $10,000 on assay results from the Badheart Properties. AURO Research Laboratory did analytical work on ore samples and was paid $3,333 (Can.) before the assessment period. Therefore, I didn't include the expenditure in the report.

Further Unreported Expenditures

The following list of equipment was not included in our original Assessment Work Report of May 13, 2004. These were the major equipment items used for the mineral assessment of the Badheart Property.

- 1 X John Deere 310 loader-backhoe
- 1 X 15KW plasma furnace
- 1 X 15KW induction furnace
- 1 X 50 pound capacity propane furnace
- 3 X 1 kilo propane pot furnaces
- 2 X 9 crucible size electric furnaces
- 1 X 4 crucible size electric furnace
- 1 X 1 kilo ring and puck grinder

- 1 X 25 horsepower, 100 pound size attrition mill
- 1 X ½ horsepower, 1 kilo size attrition mill
- 1 X 6 inch roller mill crusher
- 1 X 5 gallon size impact mill
- 1 X 2 ton ball mill
- 1 X ½ ton ceramic ball mill
- 3 X 1 inch tube furnaces

The cost of utilizing the above listed equipment is estimated to be $3,000 per month. 24 months X $3,000 = $72,000 (This list is only a sample of the actual equipment that was used.)

As well, the laboratory itself, which is a 1,800 square foot building, with an additional 1 hectare of land for storage, carries a value of $1,000 per month. 24 months X $1,000 = $24,000

"Mineral Assessment" Expenditures on
Metallic & Industrial Minerals Permit Nos. 9302010076 to 9302010080
(Assessment Report No. 20040004 – Badheart)

Kenneth & Rodney Richardson		[redacted]
Process and Technology Development and Design		22,500
Dale Cunningham		[redacted]
Laboratory Supplies		17,298
Unreported Expenditures		
Birch Mountain		10,000
Further Unreported Expenditures		
Equipment		72,000
Laboratory		24,000
	SUBTOTAL	$355,017
Overhead Expenses (10% of "Mineral Assessment" Expenditures)		$35,502
	GRAND TOTAL	$390,519

I trust that the above information provides the necessary clarification. If you have further questions, please let me know. Please find enclosed updated copies of the Quarterly Activities and the Assessment Work expenditures which correspond with the above listed changes.

Yours truly,

[redacted]

Kenneth Richardson, President, World Wide Joy-Way Corporation

Kenneth Richardson worked for Birch Mountain as a consultant and was credited $10,000. Birch Mountain then performed analytical work worth $10,000 on assay results from the Badheart Properties.

Quarter 3 – August 1, 2002 – October 31, 2002

Further technologies were purchased and developed.

W.N. Boynton created a smelting process built around the principle of converting precious metals into sulfides, and then extracting the metals from those sulfides.

The contributions of Chaz Guest were deemed to be unworthy of further pursuit.

The high-temperature smelting technologies used by Minex Resources produced assays that are included in the Assay Reports.

Quarter 4 – November 1, 2002 – January 31, 2003

The work of W.N. Boynton continued in this quarter, and further work was done with the technologies purchased in previous quarters.

Quarter 5 – February 1, 2003 – April 30, 2003

The work of W.N. Boynton continued in this quarter, and further work was done with the technologies purchased in previous quarters.

Quarter 6 – May 1, 2003 – July 31, 2003

The work of W.N. Boynton continued in this quarter, and further work was done with the technologies purchased in previous quarters.

Ronnie Dale Ashley created an ongoing series of processes and flow sheets for iron ore extraction. The flow sheets help to organize and solidify the processes being used, while making them easier to communicate to potential investors.

Quarter 7 – August 1, 2003 – October 31, 2003

The work of W.N. Boynton continued in this quarter, and further work was done with the technologies purchased in previous quarters.

Ronnie Dale Ashley created an ongoing series of processes and flow sheets for iron ore extraction. The flow sheets help to organize and solidify the processes being used, while making them easier to communicate to potential investors.

Quarter 8 – November 1, 2003 – January 25, 2004

Ronnie Dale Ashley created an ongoing series of processes and flow sheets for iron ore extraction. The flow sheets help to organize and solidify the processes being used, while making them easier to communicate to potential investors.

Assessment Work for World Wide Joy-Way Corp., and 695491 Alberta Limited

Metallic and Industrial Minerals Permits No. 9302010076, 77, 78, 79, & 80 (24,196 Hectares - Requires $120,980.00 Assessment)

Kenneth Richardson's work on the Badheart Formation began in 2001. There was extensive planning, creating of technology, and building of extraction equipment in anticipation of acquiring the permits in question. Much of the expense involved in the work on these properties was paid for in 2001 in preparation for the work in 2002-2003.

Quarter 1 - February 1, 2002 - April 30, 2002

Kenneth Richardson	[redacted]	[redacted]
Rodney Richardson	[redacted]	[redacted]
Jim Humble & Richard Johnson 21st Century Science LLC Mina, Nevada	Supplied technology for vapor phases (the mixing of ores and ammonium chloride in order to create a phase separation).	[redacted]
Orvie Zimmerman Jr. Colorado	Supplied technology for concentrating iron ore.	[redacted]
		$77,637 Total

Quarter 2 - May 1, 2002 - July 31, 2002

Kenneth Richardson	[redacted]	[redacted]
Rodney Richardson	[redacted]	[redacted]
Earl Gingras Sylvan Lake, Alberta	Built a centrifuge having walls coated with a layer of mercury so as to capture particles of gold and platinum within an amalgam. This machine was designed to process 1 ton of Badheart iron ore per hour.	[redacted]
Leroy Ness J.R. Fluids Nisku, Alberta	Designed and supplied a stainless steel filtering system for leach solutions.	[redacted]
J.R. Fluids Nisku, Alberta	Constructed a "roaster", designed by Jim Humble, for the purpose of roasting and	$11,560

	vaporizing a mix of ammonium chloride and iron ore from the Badheart Formation.	
Dale Cunningham Kelowna, B.C.	Worked as the operator of the centrifuge built by Earl Gingras.	[redacted]
Jim and Mike Terry Utah	Assayed and designed smelting processes for iron ore.	[redacted]
Birch Mountain Resources Ltd. Calgary, Alberta	Performed analytical work worth $10,000 on assay results from the Badheart Properties.	$10,000
		$117,236 Total

Quarter 3 - August 1, 2002 - October 31, 2002

Kenneth Richardson	[redacted]	[redacted]
Rodney Richardson	[redacted]	[redacted]
W.N. Boynton Mina, Nevada	Worked out a process for extracting noble metals out of iron ore by smelting.	[redacted]
Chaz Guest Sedona, Arizona	Created process technology for extracting platinum and gold out of the Badheart iron ore.	[redacted]
Minex Resources Phoenix, Arizona	Devised smelting technology.	$6,667 ($5,000 U.S.)
		$51,672 Total

Quarter 4 - November 1, 2002 - January 31, 2003

Kenneth Richardson	[redacted]	[redacted]
Rodney Richardson	[redacted]	[redacted]
W.N. Boynton Mina, Nevada	Worked out a process for extracting noble metals out of iron ore by smelting.	[redacted]
		$38,338 Total

Quarter 5 - February 1, 2003 - April 30, 2003

Kenneth Richardson	[redacted]	[redacted]
Rodney Richardson	[redacted]	[redacted]
W.N. Boynton Mina, Nevada	Worked out a process for extracting noble metals out of iron ore by smelting.	[redacted]
		$38,338 Total

Quarter 6 - May 1, 2003 - July 31, 2003

Kenneth Richardson	[redacted]	[redacted]
Rodney Richardson	[redacted]	[redacted]
W.N. Boynton Mina, Nevada	Worked out a process for extracting noble metals out of iron ore by smelting.	[redacted]
Ronnie Dale Ashley Ashley Mines Wickenburg, Arizona	Created processes and flow sheets for iron ore extraction.	[redacted]
		$66,195 Total

Quarter 7 - August 1, 2003 - October 31, 2003

Kenneth Richardson	[redacted]	[redacted]
W.N. Boynton Mina, Nevada	Worked out a process for extracting noble metals out of iron ore by smelting.	[redacted]
Ronnie Dale Ashley Ashley Mines Wickenburg, Arizona	Created processes and flow sheets for iron ore extraction.	[redacted]
		$50,096 Total

Quarter 8 - November 1, 2003 - January 25, 2004

Kenneth Richardson	[redacted]	[redacted]
Ronnie Dale Ashley Ashley Mines Wickenburg, Arizona	Created processes and flow sheets for iron ore extraction.	[redacted]
		$28,756 Total

Cost of Bedrock Sampling of the Badheart Formation (see document written by G.S. Hartley, P. Geol.)

2001 Field Program	$3,766
2003 Field Program	$2,564
2004 Field Program	$2,000
2004 Drill Program	$4,408
Loring Laboratories Ltd.	$455
	$13,193 Total

Laboratory Supplies & Overhead Expenses

Laboratory Supplies	$1,151 per month (52% of Laboratory & Overhead)	**$27,624**
Overhead Expenses	$1,049 per month (48% of Laboratory & Overhead)	**$25,176**
Equipment (see letter of Sept. 29, 2004	$3,000 per month	**$72,000**
Laboratory Building	$1,000 per month	**$24,000**
		$630,261 Grand Total

Declaration

The undersigned, Kenneth Richardson, hereby declares that the above stated exploration expenditures were incurred in the diligent exploration of Metallic and Industrial Mineral Permits Nos. 9302010076, 77, 78, 79, 80 during the period January 25, 2002 through January 25, 2004 in accordance with the applicable permitting requirements.

[redacted]

Kenneth Richardson, Edmonton, Alberta

Quarterly Activities Connected with the Badheart Formation: Research and Extractive Technology for Silver, Gold and Other Precious Metals

The Worsley Pit started in the 1960s. An Edmonton based company, Premier Steel Mills, Ltd., began exploration work there to find iron ore. They extracted from 3-5,000 tons from the pit and shipped it to the U.S. At the start of our permits we brought down approximately 90 tons of materials to do extractive metallurgy work on. Before work could be done on the material, it had to be dried using a 350 degree roast. Then it was put through an impact mill, and then a ball mill to reduce the particle size to 200 mesh +/-.

Rodney Richardson worked as a fabricator and assistant to Kenneth Richardson, who worked as the project's coordinator and head researcher. Throughout the following descriptions, ongoing research and experimentation was being done. The following descriptions show the highlights of these time periods.

Quarter 1 – February 1, 2002 – April 30, 2002

Technology and instructions for a machine were purchased from Jim Humble and Richard Johnson. This machine mixes ores and ammonium chloride in order to create a phase separation.

Orvie Zimmerman Jr. developed a method for concentrating precious metals out of the Badheart iron ore matrix. We entered into an agreement to purchase this technology and made a down payment of $13,330 (Canadian) in order to do due diligence.

Quarter 2 – May 1, 2002 – July 31, 2002

Extensive process and equipment development was done in this quarter.

The technology supplied by Jim Humble and Richard Johnson was used to build a roaster for vaporizing ammonium chloride from iron ore. The gold is converted into a gold chloride, which is vaporized along with the ammonium chloride from the iron ore. The gold is then recaptured using scrubbers.

Using the expertise of Earl Gingras, a centrifuge was built having walls coated with a layer of mercury. This layer captures particles of gold and platinum within an amalgam. Dale Cunningham worked as the operator of this machine at this time.

A stainless steel filtering system for leach solutions was designed and supplied by Leroy Ness. The filtering system is to separate ore from pregnant leach solution.

Jim and Mike Terry did assay work (included in the Assay Reports) using a method of incorporating static charges into finely ground ore. They also worked on smelting processes.