MAR 20050006: ATHABASCA RIVER VALLEY

Received date: Apr 08, 2005

Public release date: Oct 02, 2006

ASSESSMENT REPORT

ATHABASCA RIVER VALLEY PROJECT

RE-CREATIVE DEVELOPMENT LTD.

METALLIC & INDUSTRIAL MINERAL PERMIT NOS. 9302100864 TO 9302100873

SUBMITTED BY: RE-CREATIVE DEVELOPMENTS LTD.

March 25, 2005

S.M. Panteluk, President
Terry Kozak, Prospector
Wayne Kozak, Prospector
Report Prepared By:
Dale Panteluk

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STATEMENT OF EXPENDITURES

Metallic & Industrial Permit No's 9302100864 to 9302100873

Salary and Wages

		Total Cost
• Bulk sampling (as per Appendix A)	[redacted]	
• Grab Sampling Nov (see Appendix B)		
• Prospecting & Grab Sampling Terry & Wayne		
2003	[redacted]	
2004		114,295

Field Costs

• Accommodations/Meals	4,950	
• Field Supplies	5,600	
• Fuel (Truck)	8,400	
• Freight	500	
• Travel (Deliver Samples to (Vancouver, Saskatoon, etc.)	3,850	23,300

Rental Equipment

• Field Equipment Rental (Bulk Samples Appendix A)	201,875	
• Vehicle Operation & Repair		
• Geophysical Equipment Rental		
• Warehouse Rental (Poplar Springs Park) 26 months @ 350	9,100	210,975

Subcontracting Services

• Geological Consultants (Lab work)	[redacted]	
• Tabling [redacted]		
• General Expense		66,720

Total	$415,290
Office Charges, Administration, General	
• 10% Gross Expenditures	41,529
GRAND TOTAL	$456,819

RECREATIVE DEVELOPMENTS LTD.

PER: [redacted]

STEVE PANTELUK

WITNESS

EUGENE J. ERLER
BARRISTER AND SOLICITOR
AND NOTARY PUBLIC

ALLOCATION OF EXPENDITURES

Permit #	Ha	Expenditure Required	Expenditure Assigned
9302100864	9216	46,230	46,230
9302100865	7424	37,120	37,120
9302100866	8314	41,570	41,570
9302100867	1536	7,680	13,219
9302100868	9093	45,465	90,930
9302100869	9216	46,080	46,080
9302100870	3072	15,360	30,720
9302100871	6810	34,050	68,100
9302100872	7354	36,770	36,770
9302100873	9216	46,080	46,080
	71,251	$356,255	$456,819

SUMMARY

The subject permitted area has been explored and prospected full-time over the past 2 years by Terry and Wayne Kozak. Very encouraging results have been obtained throughout the entire permitted area in terms of potential commercial quantities of gold, platinum, paladium, titanium, rhodium, bentonite and diamonds being located.

Because this small new Albertan Exploration Company is totally self-financed priorities were allocated based not only on preliminary prospecting results for the above-described minerals but also for the probability of their short-term potential for generating cash-flow and availability for bulk-sampling. In other words, location was more important than quality of deposits with bulk samples being taken where they were most easily accessed and not necessarily where the richest deposits were found. Consequently, no hard rock exploration was conducted during the first permit term with the prospecting being initially limited to identification of easily recoverable alluvial deposits.

To date, results have initiated talks with a U.S. firm interested in building a plant to extract rhodium subject to sufficient long-term supply being proved; commercial quantities of bentonite have been located and samples of gold, platinum/titanium concentrate have generated interest. Recently, the discovery of gem quality diamonds up to ¼"in diameter (the largest the bulk sampling plant is designed to retain) have re-focussed material analysis with other stones currently at labs for confirmation.

To date, only 1 lab has been found which has earned the trust of the principles; with lost/stolen samples, rescinded and/or withheld results being the norm rather than exception. This has resulted in a policy of internal analysis being utilized to identify probable commercial sites and concentrate being stored rather than processed and analyzed.

It is strongly recommended that the Alberta Government consider the establishment of an objective non-aligned mineral lab available to emerging exploration firms that depend on honest, timely, efficient and objective reporting and that an investigation into practices of the current industry players be initiated to ensure Albertan's mineral deposits are discovered and developed to the optimum benefit of Alberta tax payers. There is no doubt this service could be provided on a cost recovery basis.

It is expected the subject permits will lead to small scale commercial production in 2005/06 and significant proven deposits of the described minerals will be identified through-out the entire permit area during the second permit period.

Further, it would be appropriate to acknowledge the professional, honest and objective assistance received from Alberta Energy and the University of Alberta contacts whom were an oasis of integrity in what otherwise appears to be an unregulated sea of incompetence at best and deceit driven by conflicts of interest at worst.

INTRODUCTION

Re-Creative Development Ltd. obtained Metallic and Industrial Minerals Permit Nos. 9302100864 to 9302100873 on October 10, 2002 based on previous preliminary prospecting work on public lands by Terry and Wayne Kozak.

Being a new, small private Alberta company with no previous mining exploration experience the principles quickly determined that their business plan could not mirror the existing mineral industry paradigm which is traditionally characterized by initial high and weather restricted exploration costs in the hinterland followed by, if results are encouraging, an extensive and expensive qualitative/quantitative analysis progressing to a conventional mine viability study. To achieve the relatively rare accomplishment of actual mine construction and subsequent mineral production tens of millions of dollars and 5-10 years are usually expended with no residual value available to mitigate losses of those most common ventures that do no proceed to production.

This option would not be available to Re-Creative Development Ltd. which intended to approach the challenge alone and develop a means to find, produce and market minerals profitably through a model which would open the industry to small, aggressive, self-funded Alberta companies which would bring a measure of competitiveness to a heretofore slow-moving monolithic group of inter-national giants who are so vertically integrated they effectively control all elements of the game from the labs to the prospectors to the human resources and the sub-contractors. The current "Cost of entry" to the industry has been artificially maintained at such a high level only a few players participate and they have been making the rules; which of course discourage if not totally eliminate effective competition. Could a small, innovative local firm find a way to survive in such an environment and if successful, open the door to many other small firms which would cause mineral exploration in Alberta to "explode" and inevitably result in huge gains in royalties, jobs, taxes and business opportunity?

This initial term assessment report is the first step in proving it can be done. Primary exploration has shown minerals are present in significant quantities in alluvial deposits throughout the permit area and the pilot bulk sample processor set-up in an existing gravel pit has generated good results through-out a large quantity of produced concentrate. The most important factor is that Re-Creative Developments has strongly indicated during this initial assessment period that minerals can be commercially mined in the permit area and in fact, in most alluvial deposits throughout Alberta. Diamonds, platinum, gold and other marketable minerals have been effectively extracted and the cost of extraction covered by sales of the residual processed gravel.

It remains doubtful minerals identified throughout the permit area will be proven to exist in sufficient quantity and quality to economically justify construction of a traditional mine costing hundreds of millions of dollars. However, little doubt remains

that sufficient reserves exist that will allow profitable operation of several bulk processing plants similar to the one currently in use.

By extension, hundreds of such plants could be used throughout Alberta generating thousands of tons of rich, saleable concentrate. Gravel's produced during the process would be available for road constructions etc. and fully fund the extraction process and likely generate an operating profit before any mineral sales. The cost of processed gravel would drop and conveniently located stockpiles would greatly benefit road and other construction throughout the Province. Thousands of jobs would be generated, competition in the mineral industry would be enhanced by the entry of dozens or even hundreds of small, profitable mining entities and new spin-off industry such as custom smelters, dependable labs, rare-earth processing plants, and the like, would be required to meet the demand of these small mining operations. Royalties and taxes to the Province would rise exponentially and it is a certainty all the new exploration will uncover some spectacular reserves. All this without construction of a single conventional mine.

REGIONAL GEOLOGY

Regional Geology throughout the permitted area is well documented and a matter of public record. Re-Creative Developments received a standard reply from geophysical firms to our enquiries:

"it is highly unlikely any minable reserves are located anywhere within the subject permitted area"

Of course, these geotechnical firms are firmly entrenched in the existing mining paradigm and unable to contemplate extraction solutions that are more portable, efficient and economic than multi-million dollar mines. They were also adamant that diamonds cannot be extracted through jig technology and alluvial deposits of other minerals could not be economically recovered except in minute quantities as a by-product of huge multi-million dollar gravel recovery operations. This report has confirmed that the permit area does contain sufficient reserves of many minerals to facilitate profitable extraction.

EXPLORATION

Exploration of the subject permitted area by Terry And Wayne Kozak has occurred sporadically over the past 20 years until 2003 when it became a full-time endeavor.

Initially, investigations took the form of intermittent panning of the McLeod and Athabasca riverbanks, associated tributaries and nearby visible granular alluvial deposits. Visible diamond indicators and various forms of valuable minerals such as gold, silver, platinum, and palladium have been consistently found throughout the entire area. Lab work also confirmed the presence of significant quantities of titanium, rhodium and other rare earths.

During the initial permit period, the entire area has been visually inspected by truck and by foot with approximately 200 grabs samples taken and processed at least to the panning stage. It soon became very obvious that a wide spectrum of minerals were present throughout the area but all the "expert" advise obtained consistently advised no appreciable reserves existed in the area and that diamonds could only be extracted through hard-rock mining systems. Due to the high cost of hard-rock drilling and conventional testing methodology it was decided to shift exploration emphasis to the most accessible sites showing at least median results from grab samples and run bulk samples to determine if minerals were distributed throuout the alluvial deposits or merely concentrated on the surface.

In excess of 5000 tonnes of material was bulk tested and approximately 7000 lbs. Of concentrate obtained (see Appendix A).

Generally, it was determined the concentrates were fairly consistent throughout the bulk sample area in containing similar minerals and that the quality of valuable minerals increased in proportion to the depth from which the bulk sample was taken. This was encouraging for future proposed drilling programs scheduled for the second permit term.

Less accessible bulk samples sites will be extensively explored in the second permit term.

CONCLUSION

ReCreative Developments Ltd. has conducted preliminary exploration across its entire permit area during the initial permit period. Primary focus was on existing placer, paleoplacer, ancient channel and glacial outwash deposits.

Samples were excavated and evaluated for precious metals, diamond indicators, and rare earths. Results to date have consistently shown that recoverable amounts of all the above exist throughout the permit area if current recovery methods are used and enhanced.

Subsequent permit periods will see improved recovery through bulk sampling of placer deposits throughout the entire permit area concurrent with a hardrock drill program to further delineate quantity and quality of reserves. Results will determine if conventional mining operations could be economical and/or if sufficient feedstock for a mineral upgrading/separation facility could be obtained through placer production alone.

U.S. processors of Rhodium, titanium, platinum and gold have expressed interest in concentrates obtained during the bulk sampling process and are now evaluating larger, more representative samples to determine if they possess the technology necessary to profitably extract target metals/minerals. An affirmative response will result in commercial production in existing lease areas within the permitted area in 2005.

In any case, results to date have ensured Re-Creative Developments will construct a larger more efficient semi-portable bulk sample processor in 2005 that will also retain diamonds larger than .5 carat. It is expected the enhanced system will confirm results obtained through grab samples and generate a reserve of saleable product thereby leading to commercial production within one or two years.

BULK SAMPLES

In 2003 and 2004, several bulk samples were excavated, processed and analyzed:

1. Location: Paul Flasha gravel pit (permit # 9302100871)
   Amount: 500 tonnes (1" – sand)
   Process: excavate, truck, screen, wash, jig and collect concentrate
   Time: 92.5 hours
   Concentrate: 17 pails totaling 1054 lbs. (479kg.)
   Results: Tabled and stored in warehouse pending availability of a reliable lab
2. Location: Al Cortes gravel pit (permit #9302100871)
   Amount: 200 tonnes (pit-run)
   Process: excavate, truck, screen, wash, jig and collect concentrate
   Time: 14 hours
   Concentrate: 2.5 pails totaling 145 lbs. (66 kg.)
   Results: Tabled; no gold showing in black sand. Stored in warehouse
3. Location: Paul Flasha gravel pit (permit #9302100871)
   Amount: 400 tonnes (3/4 crushed rock)
   Process: Screen, wash, jig, and collect concentrate
   Time: 25 hours
   Concentrate: 4 pails; 245 lbs. (111 kg.)
   Results: tabled and stored in warehouse
4. Location: Paul Flasha gravel pit (permit #9302100871)
   Amount: 250 tonnes (1" ___)
   Process: excavate, screen, wash, jig, and collect concentrate
   Time: 11 hours
   Concentrate: 6 pails; 369 lbs (169kg.)
   Results: Concentrate shipped to Can-Pay Mining Ltd. and Dragon Furnaces in Arizona. Smelted Dory bar was sent to Johnson Mathey for assay. Bar was lost and lawsuit is pending. Process included grinding of blacksand. Processor complained grinder was ruined by product. Strong indication that diamonds were present in sample.
5. Location: Several hundred grab samples from all permit areas which were collected during the period 2003-2004 were panned & visually inspected for gold, platinum and diamond indicators. These were blended with pit-run from the Pantel pit.
   Amount: Approximately 3000 tonnes total
   Process: truck, screen, wash, jig and collect concentrate
   Time: 540 hours
   Concentrate: 101 pails; approximately 6000 lbs. (2700 kg.)
   Results: Concentrates were tabled and visually inspected for gold, platinum and garnet. Samples were sent to various labs for independent testing. Currently stored in warehouse.

6. Location: All permit areas. Remaining grab samples stored from prospecting tours and bulk samples from Cortes and Flasha and other existing pits in permitted area collected during 2003-2004 and not yet processed were processed.
   Amount: Not calculated
   Process: Screen, wash, jig, retain concentrate
   Time: 19 hours
   Concentrate: 4 pails; +-200lbs (91 kg.)
   Results: Product was tabled and stored in warehouse

EXPENSE CHART

Pantel Holdings hired Terry and Wayne Kozak to construct a proto-type bulk processing plant using technology supplied by Terry and Wayne Kozak which effectively separates heavy metals from gravel samples as well as theoretically isolated heavy stones such as diamonds with a diameter under ¼ ". The system includes a variety of screens, conveyors, hydraulics and jigs plus loaders and trucks. ReCreative Developments rents this processor @ $1,250/hour plus wages for Terry and Wayne Kozak @ $120/hr each. 2 other operators @ $65/hr each. Bulk samples processed during 2003-2004 have generated 136 pails or approximately 8,160 lbs. Of high-grade concentrate (+-3,700kg.) which are currently stored. Concentrates contain a significant quantity of platinum, gold, copper, plus titanium, rhodium and other rare earth minerals. In addition, several tonnes of mineral rich bentonite are stored at the bulk processor site.

Expenses incurred for bulk sampling conducted during the 2003 and 2004 operating season are detailed below.

Bulk Sample	Equipment Rent	Operator Wage Cost	Total
#1 Map Reference A	115.625	34,225	149,850
#2 Map Reference B	17,500	5,180	22,680
#3 Map Reference C	31,250	9,250	40,500
#4 Map Reference D	13,750	4,070	17,820
#5 Map Reference E	N/A	N/A	N/A
#6 Map Reference F	23,750	7,030	30,780
Total	201,875	59,755	321,385

Note: A new portable bulk processing plant capable of easily being removed to attractive targets on all permit areas is being designed. Processor will be more efficient than the current proto-type and is expected to cost +-$750,000 plus $600,00 for associated equipment such as loaders.

Appendix B

Summary November Claim Sampling

For two weeks in November 2004 Steve Panteluk, Terry Kozak and Dale Panteluk toured the permitted area in attempt to obtain and analyze representative samples to better determine targets for bulk sampling in spring/summer of 2005.

Methodology was to drive and/or walk to reasonably accessible sites and take a grab sample from a location recorded on GPS then head out on 100 to 200 meter radius from the recorded site on a minimum of 10 radials to obtain additional grab samples. These would be blended with the first, screened and tabled to obtain a concentrate that would be visually tested for evidence of metals and diamond indicators.

The sampling was hampered by frozen ground requiring samples to be chipped out until a +- 10 kg. weight could be obtained from each site. This effectively limited the depth that was explored to less than 20 cm. Therefore, this sampling procedure will be repeated in June 2005 at all locations that showed indicators of a better than average count. The additional samples will explore alluvial deposits to the 40-cm – 80 cm depth.

Results are reflected on the following chart:

Each sample blend was reduced to concentrate with a 50 gm pull of concentrate visually studied under 10 x magnification and rated on a 10 pt. scale for each of 5 indicators: 1 being 1 particle; 2 being 2 or more; 3 being 4 or more; 4 being 8 or more; 5 being 16 or more, 6 being 32 or more; 7 being 64 or more; 8 being over 100 or more; 9 being 200 or more; and 10 being over 500 or more.

Bi

NOVEMBER CLAIM SUMMARY COST

Averaged 2 GPS sites plus 22 radial sites taken per day totaling 220 Kg. of samples per day.

7 days sampling @ 10/hrs/day	Terry	[redacted]	Wages	$[redacted]
[redacted]	Steve		Mileage	
Travel 300 m/day x 80 c/m x 7 days	Dale		Meals	
			Materials	

Total Cost of Sample Acquisition $8,180.00

5 days blending samples, washing, screening and tabling.
Obtaining 13 x 50 gm representative concentrate samples. $2,500.00

2 days analyzing/recording samples 1,000.00

Total Cost November Permit Samples $11,680.00

JANUARY SAMPLE ANALYSIS

In January, approximately 10 kg of screened concentrates from November bulk samples was visually inspected for diamonds and diamond indicators. From this sample several probable diamonds were manually separated and checked for light and conductivity with several gem quality and many more micro particles passing the on-site tests. In early February a .65 carat and .09 carat stone were taken to the U of A for further testing.

Both stones were confirmed to be diamonds of gem quality. Test results attached. Adjustments to bulk sampling processor will be made in the spring of 2005 to allow diamonds larger than +- .6 carats to be retained and it is expected much larger diamonds will be produced in the 2005 season along with the usual quantities of gold, platinum etc.

JANUARY SAMPLE ANALYSIS

Centre Location	#of 10Kg Samples	Gold	Garnet	Kimberlites	Platinum	Magnetics	Total Score
1) N53°-46.248 W115°-59.683	11	3	4	2	3	10	22
2)N53°-46.248 W115°-54.194	11	4	4	2	3	10	23
3)N53°-49.952 W115°-55.294	12	1	2	0	1	4	8
4)N53°-53.37 W115°-52.431	11	0	0	0	0	2	2
5)N53°-56.946 W115°-51.585	12	0	2	0	4	3	9
6)N54°-00.784 W115°-50.514	12	1	4	1	4	4	14
7)N54° - 01.933 W115°-50.568	12	1	5	2	4	5	17
8)N54°-02.595 W115°-49.911	*11	4	3	0	4	10	21
9)N54°-06.528 W115°-47.536	11	0	0	0	0	3	3
10)N54°-08.537 W115°-44.815	11	2	3	0	3	4	12
11)N54°-08486 W115°-44.021	11	1	3	0	3	4	11
12)N54°-10.402 W115°-47.734	*12	5	6	2	5	10	28
13)N54°-12.404 W116°-03.663	12	3	5	1	4	10	23

Locations of above described grab samples are identified on Appendix 2,3,4

Note: The above counts have not been confirmed by a lab and were for internal use only. Counts of particles believed to be the subject minerals are used to determine potential sites for bulk samples. Concentrate from bulk samples has been submitted to various labs for analysis. Assays to be submitted next work period.

IDEAL JEWELLERY APPRAISALS LTD.

CERTIFICATE OF APPRAISAL

Steve Pantcluk Feb 09, 2005

IDENTIFYING DESCRIPTION

One loose diamond crystal.
Shape octahedron.
Measurements approximately 3.85 - 4.92 x 3.73 mm.
Clarity grade SI-2.
Colour grade N-O-P.
Diamond weight approximately 0.65 carat.

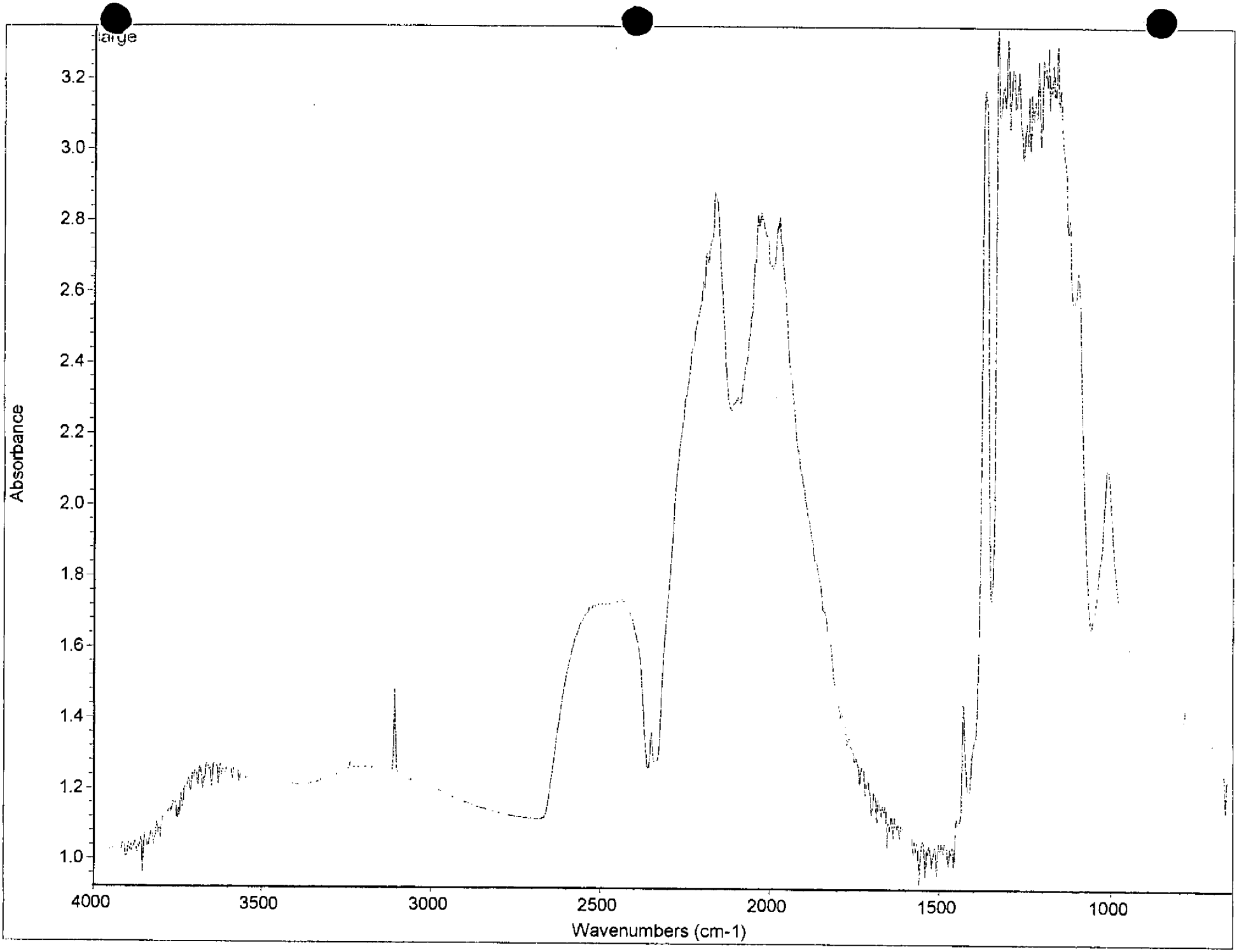
[redacted]

Suggested Insurance Coverage: **(Tax Excluded)**

APPRAISER

Paul Margolis, F.G.A., F.C.Gm.A. Gemologist
Fellow of both the British and Canadian Gemological Associations

Ideal Jewellery Appraisals Ltd.11420 - 142 Street, Edmonton Alberta T5M 1V1
930-2038


large
Absorbance
3.2
3.0
2.8
2.6
2.4
2.2
2.0
1.8
1.6
1.4
1.2
1.0
4000
3500
3000
2500
2000
1500
1000
Wavenumbers (cm-1)

IDEAL JEWELLERY APPRAISALS LTD.

CERTIFICATE OF APPRAISAL

Terry Kozak Feb 09, 2005

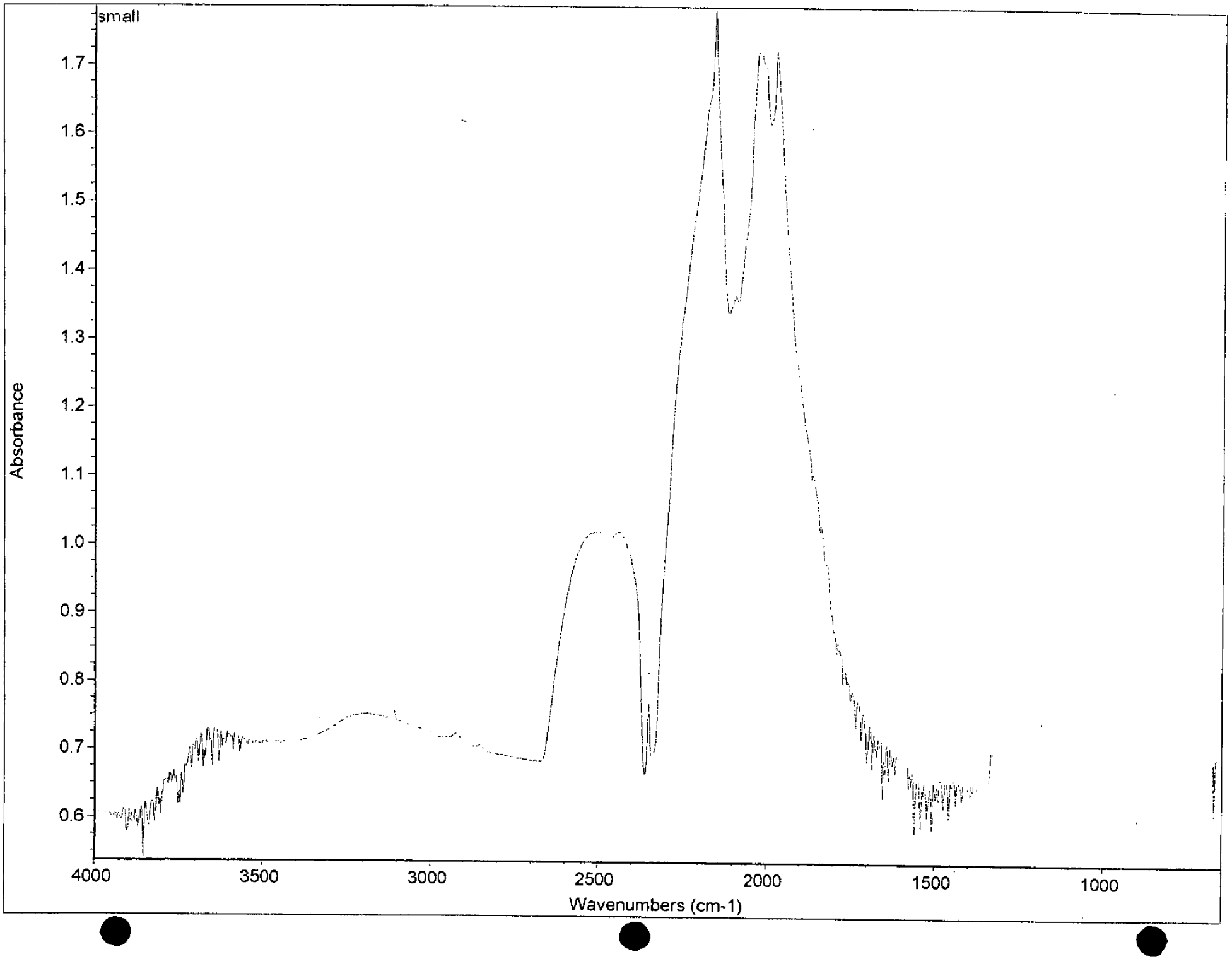
IDENTIFYING DESCRIPTION

One loose diamond crystal.
Shape octahedron.
Measurements approximately 1.91 - 2.07 mm.
Clarity grade VS-1.
Colour grade light brown.
Diamond weight approximately 0.09 carat.

Suggested Insurance Coverage: **(Tax Excluded)**

APPRAISER [redacted]
Paul Margolis, F.G.A., F.C.Gm.A. Gemologist
Fellow of both the British and Canadian Gemological Associations

Ideal Jewellery Appraisals Ltd.11420 - 142 Street, Edmonton Alberta T5M 1V1
930-2038


small
Absorbance
1.7
1.6
1.5
1.4
1.3
1.2
1.1
1.0
0.9
0.8
0.7
0.6
4000
3500
3000
2500
2000
1500
1000
Wavenumbers (cm-1)

LAB REPORTS

INTERNATIONAL PLASMA LABORATORY LTD.

2036 Columbia Street
Vancouver, B.C.
Canada V5Y 3E1
Phone (604) 879-7878
Fax (604) 879-7898
Email iplab@telus.net

CERTIFICATE OF ANALYSIS
iPL 02J1136

ISO 9002:1994
FM 64220

Client : ** CASH SALE ***
Project: None Given

2 Samples
1=Solution 1=CoarsePulp

[113609:19:49:20101602]

Out: Oct 16, 2002
In : Oct 10, 2002

Sample Name	Type	Au g/mt	Ag g/mt	Pt g/mt	Pd g/mt	Au mg/L	Ag mg/L	Pt mg/L	Pd mg/L
Solution	Solution	—	—	—	—	<0.01	<0.05	<0.01	0.01
Solid	CoarsePulp	<0.01	<0.3	<0.01	0.02	—	—	—	—

WASH WATER

CONCENTRATES

BULK SAMPLE #1

Minimum Detection	0.01	0.3	0.01	0.01	0.01	0.05	0.01	0.01
Maximum Detection	9999.00	9999.0	99999.00	99999.00	1000.00	1000.00	9999.00	9999.00
Method	FA/AAS	FAGrav	FA/AAS	FA/AAS	FA/AAS	FA/AAS	FA/AAS	FA/AAS

—=No Test Ins=Insufficient Sample Del=Delay Max=No Estimate Rec=ReCheck m=x1000 %=Estir NS=No Sample

CERTIFICATE OF ANALYSIS
iPL 02J1136

INTERNATIONAL PLASMA LABORATORY LTD.
2036 Columbia Street
Vancouver, B.C.
Canada V5Y 3E1
Phone (604) 879-7878
Fax (604) 879-7898
Email iplab@telus.net

ISO 9002:1994
FM 64220

[113609:19:49:20101602]

** CASH SALE ***
Project : None Given
Shipper : Terry Kozak
Shipment: PO#:
Analysis:
Au/Ag/Pt/Pd(FA/AAS 30g) g/mt & mg/L
Comment:

2 Samples Out: Oct 16, 2002 In: Oct 10, 2002

CODE	AMOUNT	TYPE	PREPARATION DESCRIPTION	PULP	REJECT
B41200	1	Solution	Solution received as it is, no sample prep.	03M/Dis	00M/Dis
B3110B	1	CoarsePu	Coarse Pulp-- Sample pulv. & prep.	12M/Dis	00M/Dis

NS=No Sample Rep=Replicate M=Month Dis=Discard

Analytical Summary

##	Code	Method	Units	Description	Element	Limit Low	Limit High
01	0368	FA/AAS	g/mt	Au (FA/AAS 30g) g/mt	Gold	0.01	9999.00
02	0354	FAGrav	g/mt	Ag FA/Grav in g/mt	Silver	0.3	9999.0
03	0331	FA/AAS	g/mt	Pt FA/AAS finish in g/mt	Platinum	0.01	99999.00
04	0341	FA/AAS	g/mt	Pd FA/AAS finish g/mt	Palladium	0.01	99999.00
05	0368	FA/AAS	mg/L	Au - Solution by (FA/AA/ICP) in mg/L	Gold	0.01	1000.00
06	0354	FA/AAS	mg/L	Ag -Solution by (FA/AAS) in mg/L	Silver	0.05	1000.00
07	0331	FA/AAS	mg/L	Pt - Solution by (FA/AA/ICP) in mg/L	Platinum	0.01	9999.00
08	0341	FA/AAS	mg/L	Pd - Solution by (FA/AA/ICP) in mg/L	Palladium	0.01	9999.00

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852 E. HASTINGS ST. VANCOUVER BC V6A 1R6 PHONE(604)253-3158 FAX(604)253-1716

GEOCHEM PRECIOUS METALS ANALYSIS

Melrose Const. File # A407212

214 - 11042 - 156 St., Edmonton AB T5P 2R8 Submitted by: Don Hanson

SAMPLE#	Au ppb	Pt ppb	Pd ppb	Rh ppb
1 SI	6	<.1	<.5	<.05
2 FALSE BEDROCK	4	.1	1.1	<.05
3 LOWER BENCH	2	<.1	.7	<.05
4 KOZAK	62	.1	1.0	.13
STANDARD PA-10R	492	470.0	486.9	-

GROUP 3B-MS - FIRE GEOCHEM AU PT PD RH - 30 GM SAMPLE FUSION, DORE DISSOLVED IN ACID, ANALYZED BY ICP-MS.
- SAMPLE TYPE: SAND P150 60C

Data L PA ___ DATE RECEIVED: NOV 18 2004 DATE REPORT MAILED: Dec. 7/04

BRITISH COLUMBIA CERTIFIED ASSAYER
Clarence Leong

1) SI Pours Sand
2) False Bedrock
3) Lower Bench Sand
4) Sand From JIG System

All results are considered the confidential property of the client. Acme assumes the liabilities for actual cost of the analysis only.

Page 2

6042531716

DEC 08, 2004 16:53

SUPER LEACH

Ore Sample Test

Samples Labeled - A1, A2, T1, and T2

Terry Kozak
8912 Connorf Rd.
Edmonton, Canada T6C 486

Wash Reaction
The ore samples were clean with sulfides and iron. Murietic Acid test - sample showed sulfides. Critic Acid - sample has sulfides.

LEACH TEST
Leaching Reaction - All samples leached with slow reaction and collected mostly iron. Without removal of the copper and iron from the cons none of the samples will probably leach properly in any leach.

Leaching time
All leached to 4 days - meaning there is heavy iron in the ore.
Beading
All showed no beading action.
Moons
none.
Solution color
Samples gave off a dirty orange color that indicates copper and iron.
Color Strength
Sample ore was dark in color.
Bead Test from leach solution
A small uncommercial bead was recovered from solution.
Note: A leach test is not a assay or a test for value. This test was to evaluate a direct fire and the effect of Leach on the ore sample supplied.
Gravity Test
Gravity test showed fine free gold, copper, and probably silver or PGM's from the sample after grinding
Direct Fire
Samples A-1 and T-1 would direct fire as there is enough copper and other metals to make a collection. No litharge or inquart was used to fire using standard flux. All fired samples are from 10 grams of cons.

Comments:
After griding, this ore sample A1 and T-1 has free copper, gold, and probably silver and PGM's values. This ore needs to be ball milled for 4 to 6 hrs. then it will fire after the iron is removed. The material is extremely hard to grind and steel balls should be used.

Assay - not done
Spectrographic Analysis - not done
Assay and Spectrographic analysis are done by an independent lab.
Thank you - sample beads A1 and T-1 are enclosed containing copper, gold, and a silver metal. They can be assayed or spec'd for total value p/t.

Beads .09 Grams
.06 Grams

Super Leach, Inc.
6812 B San Fernando Rd., Glendale, Calif. 91201
818-260-0250

#1 Bulk Sample
Paul's Black Sand

July 11, 04

[redacted]

CHRIS CHRISTOPHERSON, INC.
P.O. Box 302
Kellogg, Idaho 83837
(208) 784-1233

STERLING MINING COMPANY
2201 GOVERNMENT WAY SUITE E
COEUR D ALENE, ID 83814
ATTN: MATT BOOTH

MARCH 15, 2005 USSTC401.060

TEST FOR:	Au	Ag	Pt	Pd
METHOD:	FIRE	FIRE	FIRE	FIRE
USED:	ASSAY	ASSAY	ASSAY	ASSAY
RESULTS IN:	oz/ton	oz/ton	oz/ton	oz/ton
245128	.003	.20		
245125 Sample #1	8.847	1.00	.078	.02
245127 " #2	.050	.60	NIL	NIL

n/a

CHARGES $123.00

[redacted]
Chris Christopherson
Umpire Assayer/Chemist

Con contracts

Pairs #4

Bulk Samples.

R.O. Processing, Inc.

October 4, 2004

Mr. Terry Kozak
c/o Pantel Holdings Ltd. & Recreative Developments LTD
Box 351Fallis, Alberta Canadu TOEOVO

Dear Terry:

This is to acknowledge receipt of your latest ore sample. As we have discussed this is the second sample we will test for you as part of our continuing discussions about our Company's ability and desire to recover the precious metals from your ore.

As you know, we have scheduled your material for testing the week of October 4th and expect to provide you with our preliminary findings the following week. This report will indicate the quantity of combined precious metals our new technology is capable of recovering from your sample. Based on the efficacy of our technology to recover precious metals from similar ore material from other customers and the results from our analysis of your first sample, we expect you will be very pleased with the results.

As you know, the first sample you provided was your low yield material. Our analysis showed that the sample contained:

- 8.4 oz of gold and PGMS per ton (platinum group metals)
- 16.4 oz of PGMS per ton

As we discussed, your latest sample is your richest concentrate, which we both expect will be some multiple of the precious metal content of the first sample.

However, even if your second sample contains no more precious metal content than the first, we would we would very much like to process your ore. Our preliminary analysis indicates that with our technology we can expect to recover greater than 90% of the precious metal content of your ore and we have every expectation that we can improve substantially on that recovery rate to achieve virtually complete recovery of all precious metals in your ore.

If you have any questions, please don't hesitate to call me.

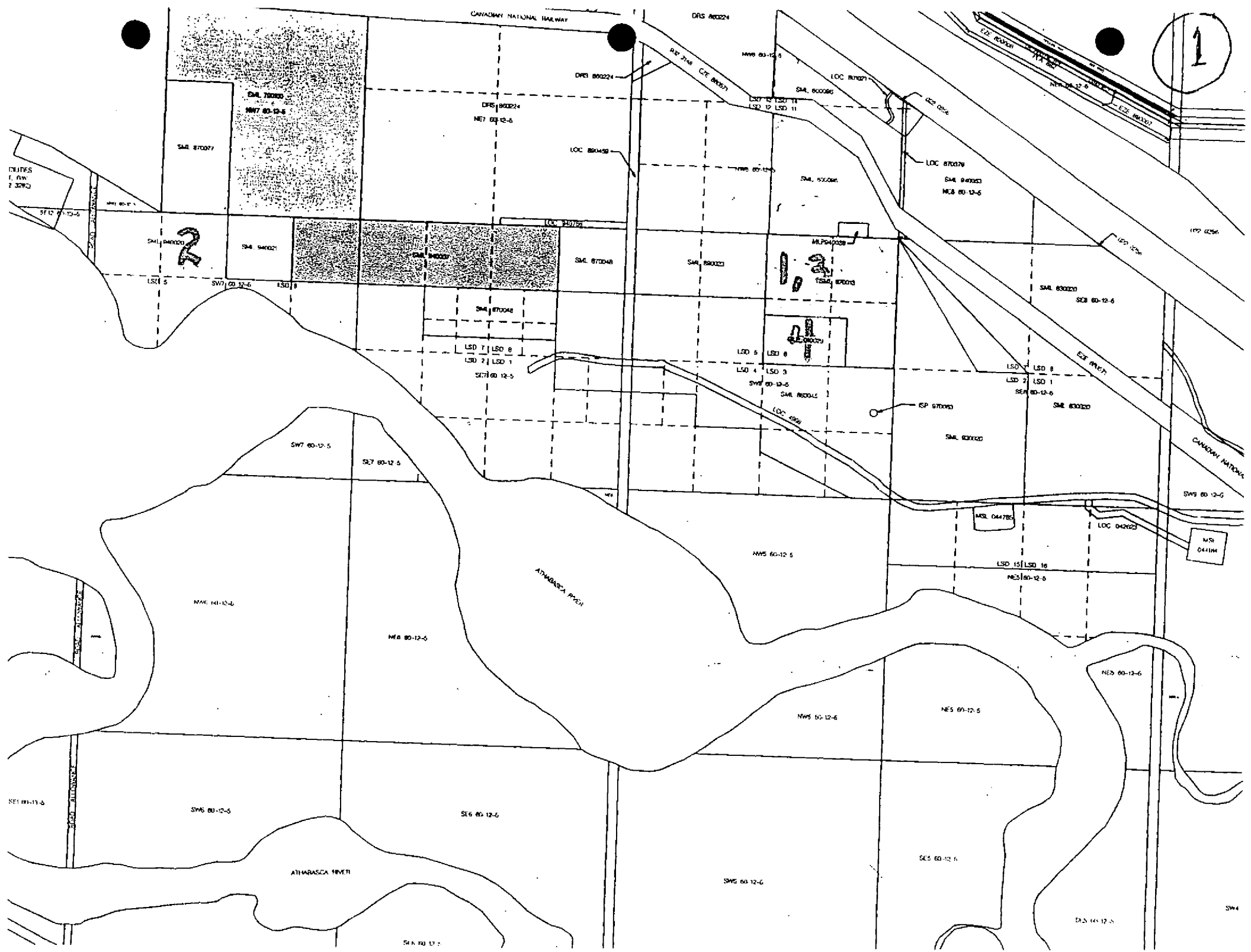
Regards,

[redacted]

John W. Fink
President

New York Office: 68-12 Yellowstone Blvd., Forest Hills, NY 11375 Phone: 718-459-3541 Fax: 718-459-4202

#1 Bulk Sample
Black Sand.


CANADIAN NATIONAL RAILWAY
DRS 860224
NW7 60-12-5
NE7 60-12-5
SW7 60-12-5
SE7 60-12-5
NW6 60-12-5
NE6 60-12-5
SW6 60-12-5
SE6 60-12-5
NW5 60-12-5
NE5 60-12-5
SW5 60-12-5
SE5 60-12-5
SW4
ATHABASCA RIVER
ROAD ALLOWANCE
LOC 870079
LOC 942622
ISP 970093
CANADIAN NATIONAL
1
2