

National Instrument 43-101

Technical Report

on the

Wedge Project

Shabaqua Area - Shebandowan Belt
Thunder Bay District, Ontario

for

RJK Explorations Ltd.

4, Al Wende Avenue
Kirkland Lake, Ontario

Terence J. Bottrill
Bottrill Geological Services

1st September, 2003
Oakville, Ontario

Wedge Project

Shabaqua Area - Shebandowan Belt
Thunder Bay District, Ontario

RJK Explorations Ltd.

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NTS 52A/12 and 52B/9
89° 56' 00" West 48° 35' 00" North
UTM 281,400 to 286,450 East
5,383,950 to 5,386,225 North

Claims

TB 1249565, 1249564, 1241530, 3003149 and 3003417

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Summary

Property

The Wedge Project of RJK Explorations Ltd. ("RJK") covers two almost contiguous claim blocks over an area 5,000 metres long and 2,250 metres wide: the five Wedge claims of 882 ha, which were acquired through agreement with the original stakers of February 11th, 2003; and the Mabella block of eight claims for 1,577 ha., which is held in a 50/50 joint venture with Hinterland Metals Inc., was staked for these companies in April, 2003.

RJK has since completed two diamond drill programmes testing mineral showings and geophysical anomalies identified from earlier exploration by other companies. The first hole, drilled in April 2003, intersected:

2.27 g/t over a core length of 9.13 metres including 5.89 g/t over 3.03 metres

The follow-up programme of nine holes was drilled from March to July, 2003 for a total to date of 1,772 metres.

The gold is associated with pyrite and quartz-carbonate veining in a basalt debris flow with a graphitic argillite matrix. All five holes which have intersected the mineralized unit were at a minimum anomalous in gold, indicating that the mineralization has general stratigraphic continuity. The target is open in both directions along strike and to depth, where its possible continuations can be identified in existing geophysical data, which provide numerous additional drill targets.

Location

The Wedge Project is located 55 kilometres west of Thunder Bay in northwestern Ontario (NTS 52A/12 and 52B/9). It is easily accessible from highway 17, the Trans-Canada Highway, and highway 11, which meet at the northeast corner of the project area in the small community of Shabaqua Corners. Active logging roads cross most parts of the project area.

Ownership

A 100% interest in the optioned Wedge claim block can be acquired by RJK by paying all the staking costs, subject to a 3% net smelter return royalty to the vendors, of which 50% may be purchased for \$1,000,000. The vendors are also entitled to receive 100,000 shares of the Company upon commercial production. All of the claims are registered in the name of RJK.

Geology and Mineralization

The Wedge project lies within the Shebandowan greenstone belt, part of the Wawa Subprovince of the Superior Province of the Archaean Canadian Shield. It is entirely underlain by supracrustal rocks, primarily mafic volcanic rocks, as well as less extensive clastic sedimentary rocks. Five temporally and lithologically distinct formations have been identified, primarily from a combination of existing OGS township mapping in the area in the late 1980's, an airborne geophysical survey flown for the OGS in 1991 over the entire Shebandowan belt and, perhaps most importantly, the recent publication of numerous

geochronological data from the belt which established the existence of several, distinct time-bounded stratigraphic units.

In the project area, the oldest unit was deposited over an interval of three to five million years approximately 2,720 million years ago (“m.y.”). It is predominantly mafic volcanic flows and associated flow top facies as breccias or pillow lavas, interbedded with komatiite flows, as well as minor, but numerous, graphitic argillite horizons and several narrow, but geophysically expressive, magnetite-jasper ironstones (the Greenwater Formation)¹. Throughout the Wedge project area, many of the local features in the volcanic rocks indicate a probable shallow water to subaerial depositional setting. Whilst it has typical near vertical dips, and is broken into several blocks by late brittle faults, it is extremely fresh, probably at sub-greenschist facies, and undeformed.

The second formation was deposited after a hiatus of 10 m.y. at 2,710 m.y., possibly following the first extensive regional deformation event. In the project area it consists primarily of predominantly mafic volcanic rocks not dissimilar from the older Greenwater Formation but, by contrast, it is generally strongly sheared (Kashabowie formation). The two units appears to be separated by a transpressional shear zone characteristic of the northeastern side of the Shebandowan belt.

The third is temporally equivalent to the Greenwater and Kashabowie formations, but very distinct as predominantly turbidite graywackes, interrupted by only minor and thin olivine basalt flows and/or extensive gabbro sheets, possibly along imbricate thrust planes (Quetico Formation). It lies to the north of the younger Shabaqua formation (see below) and is usually associated with the Quetico Subprovince migmatites to the north. It is equally probably a sedimentary basin filled with debris from the eroded equivalents of the Greenwater and/or Kashabowie formations.

Granodiorite-tonalite batholiths were intruded into at around 2,695 m.y., in both the greenstone belt and the tonalite-trondhjemite gneiss terrane to the south (where there are dates as old as 2,831 m.y., over 100 m.y. older than the first recorded volcanic rocks), but none lie in the immediate Wedge project area.

The fourth and fifth formations have often been associated with the Temiskaming type sedimentary rocks which are characteristic of the Destor-Porcupine and Kirkland Lake-Larder Lake “breaks” in the Abitibi Subprovince to the east. The northern of these, called here informally the Shabaqua formation, is very characteristic of the type Temiskaming, as well-bedded arkoses and polymictic conglomerates with minor mudstones and siltstones, as well as thin mafic flows and pyroclastic rocks characterised by hornblende phenocrysts. It was deposited at 2,690 to 2,685 m.y., some 20 to 25 million years after the Kashabowie formation and 5 million years after the granodiorite-tonalite intrusion. It is weakly foliated and metamorphosed only to greenschist facies.

¹The prefix “meta” should be applied to all the rock names in this report. It has not been used in the interest of readability. It is redundant as in Precambrian terranes all of the rocks are reasonably presumed to have been metamorphosed to some extent.

The southern unit (exposed along the south side of the Shabaqua area as portrayed on the maps accompanying this report) is very distinct, consisting primarily of siltstones and mudstones with numerous layers of magnetite, locally of sufficient concentration to form potential iron ores (informal Matawin formation). It contains few if any coarse clastic sedimentary rocks typical of Temiskaming type formations. There are few if any records of substantial magnetite-argillite iron deposits in any other Temiskaming type formation.

There are several syenite bodies which are contemporaneous with the Shabaqua formation in the Shebandowan belt intruded at 2,690 m.y., but none are known in the immediate project area.

The major deformational event affecting the area created northwest directed imbricate thrusts (with general northeasterly strikes and steep northwest dips) along the northwestern side of the belt, together with a series of transpressional shears (striking west-northwest with sub-vertical dips) along the northern side of the belt. There are possible similar thrusts at the east end of the belt in the area immediately north and west of Thunder Bay. Both areas of thrusting are probably connected into one deformational event by the transpressional shears. Together these orogenic features have truncated all of the Shebandowan belt into a series of discrete plates separated by various types of steep fault zones, as in the project area. The sedimentary and volcanic characteristics indicative of their original orientation all demonstrate a consistent northerly (northwester or northeast) facing of the various formations and tectonic blocks.

Batholiths of tonalite, granodiorite and quartz-monzonite intrude all of the formations of the Shebandowan belt, as well as the basement gneiss to the south and the Quetico graywackes and migmatites to the north at around 2,685 m.y.

Most of the area is covered by a single till sheet. Despite the relatively rough physiography for the Canadian Shield, this overburden is extensive, up to 20 metre thick and covers the bedrock throughout much of the project area. It has been cited as an explanation for the comparative lack of prospecting discoveries in the Shebandowan belt as compared with many other similar belts elsewhere in the Shield.

Exploration Concept

The discovery by RJK of gold mineralization on the Wedge property is the culmination of exploration in the immediate project area which extends almost continuously in the Ministry of Northern Development and Mines ("MNDM") records since at least 1956. It is part of a broader area known as the Matawin Gold Belt which was extensively explored in the 1990's for gold, in part following recommendations from the Ontario Geological Survey ("OGS"). There reports emphasised some of the geological similarities of the Matawin Gold Belt to other major gold camps in the Superior Province, including Kirkland Lake, Timmins and Red Lake.

The recent drill programme was the first recorded drilling on or in the immediate area of the Wedge claim block, and was targeted on surface showings located by prospectors who are the property vendors. This showing was coincident with geophysical anomalies identified in various earlier programmes, including

those from an extensive induced polarisation (“IP”) and resistivity survey carried out for the then property holders in 1997.

Many of the features of the geology in the immediate area are similarly characteristic of the major Precambrian Shield lode gold districts. These include, but not necessarily limited to: early mafic volcanic and ultramafic flows deposited in shallow water to subaerial settings; later coarse clastic sedimentary and coeval volcanic rocks with distinct subaerial characteristics; numerous periods of granitoid intrusion (heat sources); extensive areas of alteration, both carbonate of the mafic to ultramafic rocks and phyllosilicate of other rock types; extensive deformation, including regionally continuous shear belts; and numerous gold occurrences.

Status of Exploration

The only exploration which has been carried out by RJK has been the drilling of 10 holes for a total of 1,772 metres. In addition to the first and discovery hole, seven holes were drilled in an attempt to follow the mineralization along strike, particularly by targeting the indicated alignment of the IP anomalies into various east striking zones. Two holes, an undercut and an overcut were drilled on the same section as the discovery hole. Mineralization similar to the discovery was intersected in the undercut. Holes drilled on sections 25 metres east and west of the discovery hole intersected anomalous to mineralized sulphides in an identical stratigraphic setting to the discovery hole. That to the east was intersected at far greater depth than originally expected, and is probably due to a fault off-set between the sections, as well as that intersected at depth in the undercut hole on the discovery section. Two holes were drilled 100 metres west of the discovery hole and intersected weak mineralization within the same host unit. The overall distribution of the enclosing rock types indicate that the mineralization is within an area where the stratigraphy is broken into several blocks by compressive dextral reverse faults with east-north east strikes and steep dips to the south-east.

Two holes were drilled further north to follow-up a proposed base metal target based on geophysical and geochemical surveys completed by other companies, but which were never drilled. These holes intersected graphitic argillites as an explanation for the geophysical anomalies, but no explanation for the geochemical anomalies has as yet been discovered.

Conclusions and Recommendations

In addition to the immediate potential along strike of the RJK discovery, the well defined geology in the volcanic stratigraphy and pattern of brittle fault off-sets, together with the existing geophysical anomalies, provide numerous potential drill targets for further exploration.

A programme of orientation hydromorphic (MMI or Enzyme Leach) soil geochemistry is proposed in this report as a potential aid to discriminating between the many geophysical targets and setting priorities for drilling. More traditional geochemical techniques of soil or overburden geochemistry have not been shown to be effective in various regional and local orientation programmes completed in recent years by the OGS, reflecting the thick till cover and the locally rugged physiography.

A budget of \$160,000 in field surveys and \$140,000 in diamond drilling of 10 holes for a total of 1,750 metres is proposed in a single-stage programme. No second stage recommendation is made at this time, but with success in the first stage would logically consist primarily of diamond drilling and related support costs.

Technical Report on the
Wedge Project
Shabaqua Area - Shebandowan Belt, Thunder Bay District, Ontario
for

RJK Explorations Ltd.

Introduction and Terms of Reference

Bottrill Geological Services, a private consulting company based in Oakville, Ontario, has been requested by RJK Explorations Ltd., (“RJK”) to prepare a Technical Report as defined in National Instrument 43-101 on their Wedge Project in the Thunder Bay district of Ontario. Bottrill Geological Services is an independent consultant to RJK, and has been involved in the project since the initial, discovery hole in March of this year. Terence J. Bottrill, the author of this report, is a Professional Engineer in Ontario, and has been practicing in Canadian and international exploration since graduation from University in 1968, for most of the last 20 years as an independent consultant.

This report has been requested at this time as technical documentation in support of the 2002 Annual Information Form of RJK. It is also being made available to RJK for whatever appropriate purposes they require, such as in the required technical documentation of the project as a part of any financing negotiated in the near future.

This report has been based on a review of:

- ☐ the relevant published literature, especially the maps and reports of the Ontario Geological Survey “(OGS)”, as listed in the “References” section of this report;
- ☐ the Ministry of Northern Development and Mines (“MNDM”)ERMES web-site, which contains the full records of exploration assessment work in the Province of Ontario, for all the available reports on and in the area around the Wedge project claims, as listed in the “References” section of this report; and
- ☐ personal examination of the majority of the diamond drill core in the discovery area (holes 1 to 5) and the detailed logging of the discovery intersection in the first hole.

Terence J. Bottrill, the author of this report, has visited the Wedge project on two occasions in 2003, the first in April following the discovery of the gold mineralization in the first hole, and the second in June, 2003 to examine the core from the first four holes of the follow-up drill programme. In addition, he has worked extensively in the Shebandowan greenstone belt in recent years, some of which has been on the other properties held by RJK in the region. He has worked extensively in the Canadian Shield and in

similar Precambrian terranes around the world over the last 35 years, specifically for several years in the Kirkland Lake district of Ontario which has many relevant similarities to the geology of the area including the Wedge project.

Disclaimer

The author of this report has relied on the information as provided in the ERMES and Mining Lands data bases of the MNDM-OGS for the claim status of the property and the assessment records as an accurate representation of past work on the property. RJK provided the synopsis of the purchase agreement covering the original Wedge claims.

Douglas P. Parker of d'Silva Parker Associates of Thunder Bay, Ontario, logged most of the core that was not logged by the author.

Property Description and Location

The property is shown on Figures 1, 2 and 3 at ever increasing detail.

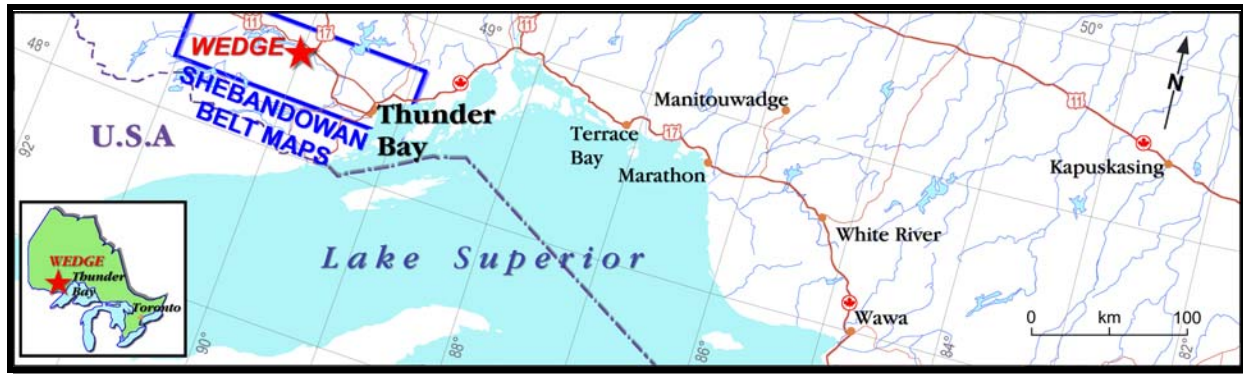


Figure 1 Location of the Wedge Project in Northern Ontario



Figure 2 Location of the Wedge Project in the Shebandowan Belt of Ontario

[This figure corresponds in area to all those on the Shebandowan Belt in this report]

The technical description of the location of the Wedge project is as follows:

NTS quadrangles	52A/12 and 52B/9
Latitude / Longitude	89° 56' 00" West and 48° 35' 00" North (centre of the Wedge block)
UTM coordinates	NAD 83 datum, zone 16
Northwest corner	281,400 East, 5,386,225 North
Southeast corner	286,450 East, 5,383,950 North
Area	5,000 metres east west by 2,250 metres north-south

The Wedge property consists of five contiguous unpatented claims for a total of 842 hectares (Table 1). They are located in Blackwell and Laurie Townships in the Thunder Bay Mining Division of Ontario. They have effective dates from January 31st, 2002 to May 08th, 2003, with assessment work credits due two

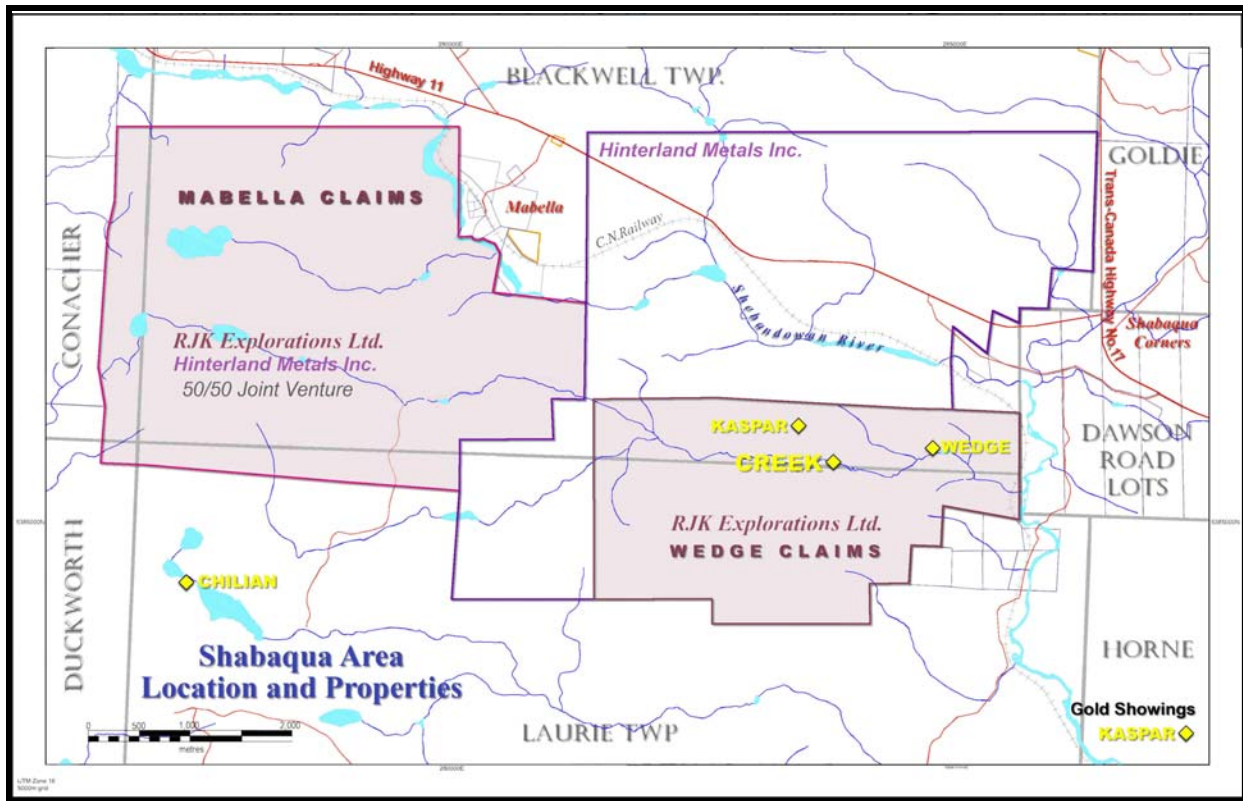


Figure 3 Location of the Wedge and Mabella Claim Blocks in the Shabaqua Area

[This figure corresponds in area to all those on the Shabaqua Area in this report]

years after the effective date. There has been more than enough work from the completed drill programmes to hold the claims for several years.

RJK has a 50% interest in a block of eight claims further to the west in Blackwell, Laurie, Duckworth and Conacher Townships with an area of 1,505 hectares, referred to in this report as the Mabella claim block. The other 50% is held in a joint venture with Hinterland Metals Inc. Additional claims held 100% by Hinterland separate the two blocks by about 90 metres, and extend to the north and west of the Wedge claim block.

The following information was provided by the company. The agreement has not been reviewed by the author but the following statement is believed to be reliable:

RJK has acquired a 100% interest in the original Wedge claims (TB 1249564, TB 1249565 and TB 1241530) through an agreement of February 11th, 2003 with Steven and Michael Stares. The agreement required RJK to reimburse the original staking costs. The property is subject to a 3% net smelter return royalty to the vendors. Up to 50% of the royalty may be purchased by RJK for \$1,000,000. The vendors are to receive 100,000 shares upon commercial production.

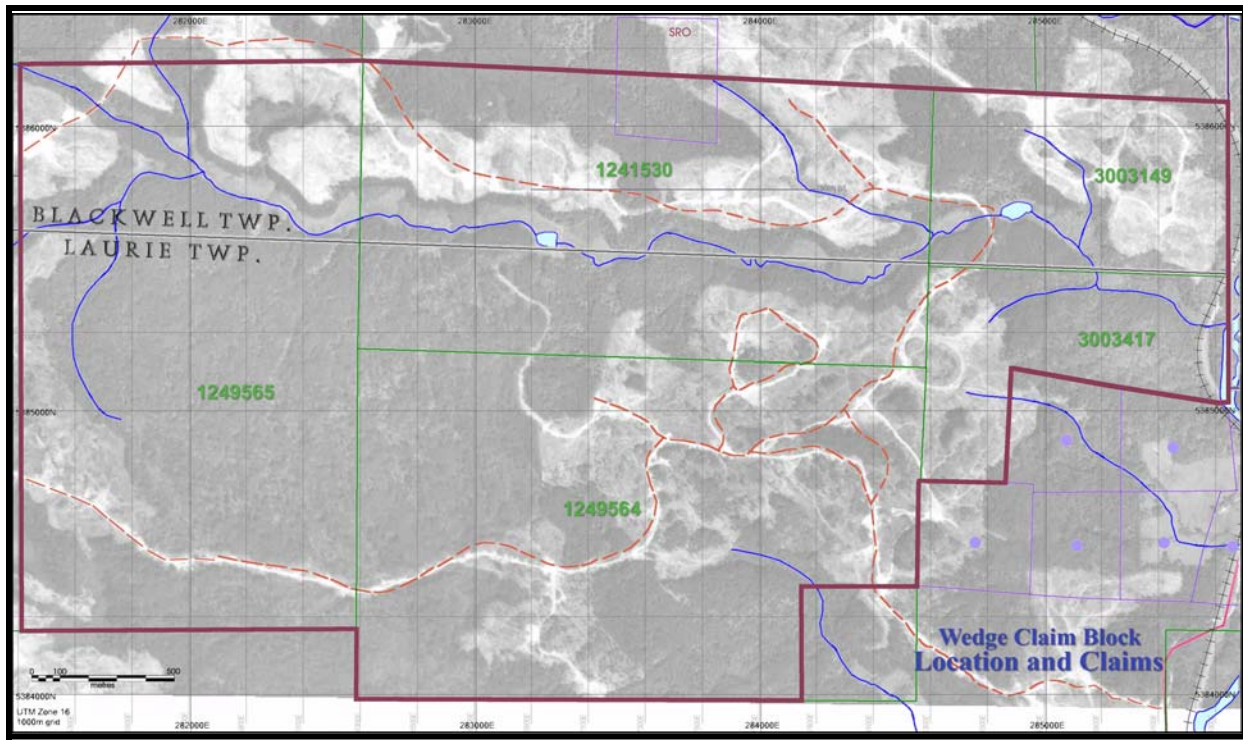


Figure 4 Location and Claims for the Wedge Block

[This figure corresponds in area to all those on the Wedge Block in this report]

The remaining two claims on the east side of the Wedge block adjacent to existing patents were acquired through staking. All of the claims in the Mabella block were acquired through staking. They are all registered with the MNDM in the name of RJK. Table 1 describes the current assessment record for the claims as checked by the author against the MNDM Mining Lands web page.

There are no known surface rights prohibitions on the property with the exception of a small area along the northern perimeter where the surface rights are held as patent TB 17044.

There are no known historical workings on the property which could provide any future environmental hazards. There are several shallow prospecting trenches which were excavated before 1940 at the Kaspar showing and which have not as yet been relocated. They are probably overgrown and collapsed, and present no real hazard or liability.

Parts of the property have been recently timbered in clear-cuts, some of which have been planted with seedling trees.

No specific permits are needed for exploration work up to and including diamond drilling. Permits would only be required from the Department of Natural Resources in the event that substantial commercial

timber was to be felled during an exploration programme. There are the normal laws of good sound environmental management and forestry practices which the company follows.

Table 1
Assessment Record for Staked Claims

Claim #	Unit	Acres	Hectares	Recording Date	Reserve	Applied	Due Date	Required
Wedge Block - 100% RJK								
TB 1249565	15	600	243	31-Jan-02	\$0.00	\$0.00	31-Jan-04	\$6,000
TB 1249564	14	560	227	31-Jan-02	\$0.00	\$0.00	31-Jan-04	\$5,600
TB 1241530	15	600	243	31-Jan-02	\$0.00	\$0.00	31-Jan-04	\$6,000
TB 3003149	4	160	65	19-Feb-03	\$0.00	\$0.00	19-Feb-05	\$1,600
TB 3003417	4	160	65	01-May-03	\$0.00	\$0.00	01-May-05	\$1,600
Total	52	2,080	842					\$20,800
Mabella Block - 50% RJK								
TB 3005699	9	360	146	28-Apr-03	\$0.00	\$0.00	28-Apr-05	\$3,600
TB 3005700	16	640	259	28-Apr-03	\$0.00	\$0.00	28-Apr-05	\$6,400
TB 3005701	16	640	259	28-Apr-03	\$0.00	\$0.00	28-Apr-05	\$6,400
TB 3005702	4	160	65	28-Apr-03	\$0.00	\$0.00	28-Apr-05	\$1,600
TB 3005703	15	600	243	28-Apr-03	\$0.00	\$0.00	28-Apr-05	\$6,000
TB 3005704	15	600	243	28-Apr-03	\$0.00	\$0.00	28-Apr-05	\$6,000
TB 3005705	8	320	130	28-Apr-03	\$0.00	\$0.00	28-Apr-05	\$3,200
TB 3005706	10	400	162	28-Apr-03	\$0.00	\$0.00	28-Apr-05	\$4,000
Total	93	3,720	1,505					\$37,200

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Topography, Elevation and Vegetation

The Wedge claims extend from an elevation on hill tops of over 480 metres down to the Shebandowan River to the east at 380 metres, with a relatively steep rise from the river to a dissected plateau covering most of the property. An unnamed tributary creek runs from west to east into the Shebandowan River with its headwaters extending west onto the Mabella claim block. Other parts of the area are drained by similar tributaries of the Shebandowan River, most of which also run primarily east-west. The Shebandowan River is a tributary to the Matawin River which discharges into Lake Superior at Thunder Bay.

The area is covered by typical northern forest, with the exception of those areas which have been clear-cut as can be seen from the aerial photograph forming part of Figure 4.

Means of Access to the Property

The property is accessible by road, lying approximately 55 kilometres west of Thunder Bay and southeast of the junction of provincial highways 11 and 17 (the Trans Canada Highway). A main line of the Canadian National railway runs along the approximate eastern boundary of the Wedge block of claims. Major electrical power lines cross the area north of the property.

Immediate access is from a gravel road starting south of the Timberland Motel in Shabaqua Corners which crosses the Shebandowan River on a large steel bridge and turns south to follow the railway tracks to the original site (long abandoned) of Shabaqua Station. Logging access roads cross the tracks and enter the southeast corner of the property. Logging roads extend into networks which provide access to areas north and south of an unnamed east-west creek along which the newly discovered gold mineralization zone was located.

The east side of the Mabella claims block is accessible along the same network of logging roads which cross the Wedge claims. The western part is accessible by logging roads extending from the Shebandowan Mine road, which goes south from highway 11, just west of the property.

Proximity of the Property to a Population Centre

The closest major population centre is Thunder Bay. This city provides most facilities typical of large urban centres, as well as exploration specific facilities including fully accredited assay laboratories, offices of various relevant Ontario government departments, and the facilities at Lakehead University. Most communities in the immediate Shabaqua area are small villages or isolated houses.

Climate and the Length of the Operating Season

The climate is typical of interior Canada with cold winters and warm humid summers. Other than for periods at freeze-up and break up the entire property is accessible throughout the year by car and truck.

Local Resources

Other than remaining stands of commercial timber between the previous logging operations there are no economic resources on the property.

In the event of a mineral deposit being located on the property all the normally required facilities of power, water and personnel are located within the immediate surrounding area.

History

The following records have been compiled from reports in the Earth Resources and Mineral Exploration web Site (“ERMES”) files of the Ministry of Northern Development and Mines (“MNDM”), and used to generate a series of maps of the Shabaqua area at a scale of 1:40,000 showing the individual company property limits (Table 2), the area covered by grids, location of drill holes and interpreted magnetic and electromagnetic (“EM”) anomalies, wherever applicable. These have then been compiled into a series of summary maps illustrating the total coverage of drilling, the distribution of magnetic and electromagnetic maps as well as the extent of historical grids by all of the companies which worked in the area since the 1960’s. Some of the information, such as the drill logs, where available, were also used in compiling the geology maps accompanying this report.

At an unknown date prior to 1940 numerous pits and trenches were excavated on the *Kaspar gold showing*, then held as patent 17044. It was examined by M. W. Bartley in 1940 who obtained grab samples of quartz stringers containing arsenopyrite, pyrite, and visible gold mineralization from some of the trenches; one of these samples assayed 8.5 g/t Au. In 1944 *Sylvanite Gold Mines* examined these same pits, stripped overburden from outcrop, and geologically mapped the area of the patent. The only available public record of this work is a property examination by McCloskey in 1944 in which assays of 37 chip samples taken from four trenches were reported; a single sample returned 17.8 g/t Au over 1.1 metres (0.52 oz/t over 3.7 feet) from arsenopyrite bearing “shattered” ironstones; other samples ran less than 1.4 g/t Au. The occurrence has been variously described as being within narrow ironstone layers within Greenwater Formation basalt, or as narrow quartz stringers, with reported visible gold, as well as pyrite and arsenopyrite. Older reports, including that of Noranda in 1976, refer to the mineralization as lying close to a “rhyolite-andesite” contact, but this is an error resulting from misidentification of the rocks to the south as rhyolite. In fact, they are the flow top or pillow brecciated and hyaloclastic basalt (in the upper part of the Greenwater Formation) which are the dominant rock types in the area (these rocks weather light in the few outcrops in the area due to intense carbonate alteration, and the black devitrified basalt glass was mistaken for rhyolite).

In 1954, *Abex Mines Ltd.* completed a ground magnetic survey over claims within the present Mabella block close to the boundary with Conacher Township in the area later drilled by Inco in 1969 in hole 41048.

In 1956, *Three Brothers Mining* drilled five holes for 725 metres along the Shebandowan River approximately mid-way between Shabaqua Corners and Mabella. These holes reportedly intersected wide zone of talc-sericite schist with intercalated graphitic and sulphide rich horizons; no assay data is available.

Falconbridge Nickel Mines drilled a single 198 metre hole (F-1) in 1956, north of the Wedge claim block, north of the Shebandowan River. It intersected a sequence of siltstone and argillite, including minor

Table 2 - List by Year, Company and Project of Assessment Work Files (ERMES) for the Wedge Project in the Shabqua Area, Thunder Bay Mining Division, Ontario

Year	Company	Property or Project	Township	File Number	AEM	AVLF	AMAG	GEOL	GEOC	MAG	EM	VLF	IP	RAD	DD#	m	Log	Report	Maps		
1956	Three Brothers Exploration		Blackwell	52A12SW0036											1	179.9	No	No	Yes		
				52A12SW0037										2	167.7	No	Yes				
				52A12SW0035										3	207.3	No	Yes				
													4	169.2	No	Yes					
													4	724.1							
1962	Falconbridge Nickel		Blackwell	52A12SW0038										1	198.5		No	Yes			
1958	G. Chillian	Sand Lake	Laurie	52B09SE0088										1 to 10	171.8	Yes	No	Yes			
1968	Inco / Canico	Blackwell Grid	Blackwell	52A12SW0028						Yes								Yes	Yes		
1966				52A12SW0032											30476	86.0	Yes	No	Yes		
															30482	65.5	Yes		Yes		
1969				52A12SW0034											30478	74.5	Yes		Yes		
														30480	74.5	Yes	Yes				
				52A12SW0033											41044	263.0	Yes		Yes		
															41031	154.0	Yes		Yes		
														41032	151.5	Yes	Yes				
														41033	155.0	Yes	Yes				
52A12SW0030														41036	162.5	Yes	Yes				
52A12SW0031														41047	278.0	Yes	Yes				
1968				Lower Shebandowan grid	Laurie	52B09SE0118						Yes	Yes							Yes	Yes
1969						52A12SW0029										41048	356.0	Yes	No	Yes	
															41051	142.5	Yes	Yes			
52B09SE0087																41029	160.5	Yes		Yes	
												41030	241.0	Yes	Yes						
														14	2,364.5						
1971	Noranda Exploration Co. Ltd.	Laurie-Duckworth 1-70	Duckworth	52B09SE0061	Yes					Yes	Yes	Yes						Yes	Yes		
1976	Noranda Exploration Co. Ltd.	Blackwell 1-75	Blackwell	52B09SE0110	Yes			Yes	Yes									Yes	Yes		
				52A12SW0075					Yes	Yes								Yes	Yes		
1983	Lacana Mining Corporation	Blackwell & Laurie	Blackwell	52B09SE0109				Yes										Yes	Yes		
				52A12SW0024						Yes								Yes	Yes		
1984	Corporate Oil & Gas Ltd.	Laurie & Blackwell	Laurie	52B09SE0106				Yes	Yes									Yes	No		
1988	Jet Mining Exploration Inc.	HST Group	Laurie	52B09SE0102		Yes	Yes											Yes	Yes		
1988	Inco / Canico	Gold Creek	Duckworth	52B09SE0032				Yes		Yes								Yes	Yes		
1989			Laurie	52B09SE0100									Yes						Yes		
				52B09SE0081									78413	97.0	Yes	Yes					
52B09SE0080												78414	38.0	Yes	Yes						
52B09SE0083												78415	104.0	Yes	Yes						
1990				52B09SE0079									78449	56.5	Yes	Yes					
													78492	53.5	Yes	Yes					
																78493	52.5		Yes	Yes	
														6	401.5						
1989		Kukkee Option	Laurie	52B09SE0460				Yes		Yes								Yes	Yes		
				52B09SE0101								Yes				Yes	Yes				
1988	Noranda Exploration Co. Ltd.	Mabella	Conacher	52B09NE0019				Yes	Yes									Yes	Yes		
1990	Minigold Resources Inc.	Regional till	regional	52F04NE9650					Yes									Yes	Yes		
1992	Parres, J. R. B.	Shabaqua	Laurie	52B09SE0092						Yes		Yes						Yes	Yes		
1994	Wing, A. J.	Laurie	Blackwell	52A12SW0003				Yes										Yes	Yes		
1996	Stewart, M.	Mabella	Blackwell	52B09SE0020						Yes	Yes							Yes	Yes		
				52A12NW000				Yes	Yes							Yes	Yes				
1996	Avalon Ventures Ltd.	Kaspar	Blackwell	52A12SW0039						Yes								Yes	Yes		
		Blackwell-Durham	Blackwell	52A12NW0007						Yes								Yes	Yes		
		Kaspar, KBD (IP Survey)	Blackwell	52A12SW0049				Yes		Yes			Yes				Yes	Yes			
		Mabella	Blackwell	52A12NW0006				Yes									Yes	Yes			
		Mabella	Blackwell	52A12NW0005						Yes								Yes	Yes		
1996	Green Ice Corp.	Moose Calf	Laurie	52A12SW0023						Yes		Yes	Yes					Yes	Yes		
1996	Kukkee, T.	Dawson-Horne	Dawson Road Lots	52A12SW0022				Yes										Yes	Yes		
			Horne	52A12SW0016					Yes									Yes	Yes		
1997	Tyranex Gold Inc. (Avalon)	BLT	Blackwell	52A12SW0050				Yes		Yes			Yes					Yes	Yes		
1997	Wing Resources Inc.	Shabaqua Station	Laurie	52A12SW0048				Yes		Yes		Yes						Yes	Yes		
1997	Battle Mountain Gold Co.	Matawin	Blackwell	52A12NW0008				Yes		Yes								Yes	Yes		

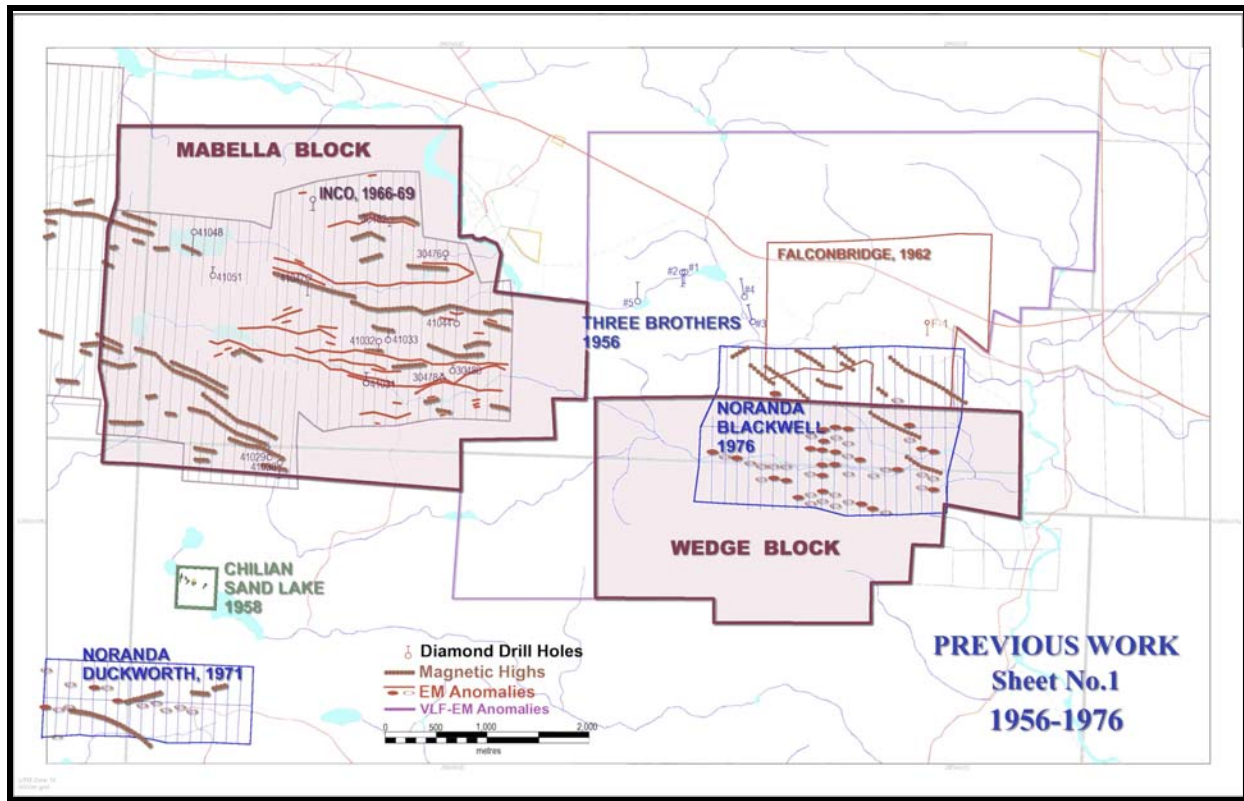


Figure 5 Previous Work in 1956 to 1976 for the Shabaqua Area

graphitic argillite layers as well as 15% of interbeds of carbonate altered mafic lavas in what is now recognised as part of the Kashabowie formation.

In 1958, *G. Chilian* drilled ten short holes for 172 metres on the single claim Sand Lake project to the south of the current Mabella block. Logs and a location map are available illustrating the surface discovery shown as “\$321.00 Au, \$12.00 Ag, Cu, Pb, Py” in what is mapped as a coarse quartz breccia at the contact between grey and green, mariposite-bearing carbonates, probably an altered ultramafic and a basalt, respectively. These lie within the Greenwater Formation.

In 1966-69, *Inco Exploration* (*Canadian Nickel Company*) undertook a major programme on an area which includes much of that now held as the Mabella claim block (Stewart 1968a, b). There were two separate grids cut: the first was the eastern end of a large grid system which extended over several townships in a project known as Lower Shebandowan Lake; the second was a distinct grid known as the Blackwell which was immediately east of the larger regional grid. It is probable that this work was undertaken in follow-up to an earlier airborne geophysical survey, but there are no public records of this survey. What exists are grid maps showing magnetic contours, as well as features marked as “EM” and which are probably electromagnetic anomalies, although which type is unknown as to whether it was vertical or horizontal loop, as both were in use by Inco Exploration at that time. It shows numerous linear magnetic features

with two extensive anomalies to the north and south of the area in the southeastern part of the current Mabella block where there are numerous, often linear, “formational” electromagnetic conductors. The overall map pattern is very similar to that on the Wedge claim block to the east. Inco also drilled 14 holes for a total of 2,364.5 metres. Whilst they submitted reports on the magnetic survey there are no reports covering the drilling, only summary logs with no assays. Most of the drilling was on the Blackwell grid and was within the Kashabowie formation, although holes further south were within the Greenwater Formation.

In 1971 *Noranda Exploration Company Limited* completed a geophysical survey over their “Duckworth I-70” project across the boundary between Laurie and Duckworth Townships (Cooper, 1971). This project was a follow-up to a Questor Input airborne survey for which the results are not available. The ground surveys located several magnetic linears as well as some relatively weak Crone Junior EM horizontal shoot-back type system (“CEM” or “JEM”) conductors in an area interpreted to be underlain by the Matawin Formation.

In 1976, *Noranda* completed what is probably one of the most useful and comprehensive programmes centred around the original Kaspar showing (Eaton, 1976, Metcalfe, 1978). Their claims covered an area which corresponds to that around the recent gold discovery by RJK. The southern two-thirds of the original Noranda grid are on the current Wedge claim block, and extend further north into Blackwell Township.

This programme (Blackwell I-75) was in follow-up to a Questor Input airborne survey, although the only results available from this survey are on small insets to various ground survey maps showing a cluster of airborne anomalies. They cut of 1,600 metre long lines, 120 metre (400 ft) apart across a 2.5 kilometre long east-west base line in the exploration for volcanic hosted base metal massive sulphide deposits.

They completed geological mapping, magnetic surveys, electromagnetic surveys using the CEM system and an extensive soil geochemical survey with samples analysed for Cu and Zn (Figure 6). The geology in their report and maps is described as a northern mafic volcanic rock unit, which corresponds with the distribution of the Kashabowie formation, and a southern unit which they described as dacite and rhyolite. The latter is now known from the recent drilling results to be a sequence of basalts and interbeds of graphitic sedimentary rocks of the Greenwater Formation.

Their grid was essentially divisible into two distinct geophysical domains: that to the north contains numerous linear high magnetic anomalies and few conductors corresponding to the Kashabowie formation, whereas that to the south is magnetically flat but highly conductive over the area underlain by the Greenwater Formation. The original Kaspar gold showing is located close to the boundary between these two domains and the new discovery by RJK is within the extensive conductive southern part of their grid. Many of these conductors correspond to IP anomalies located during subsequent programmes by Avalon and Tyranex as discussed below.

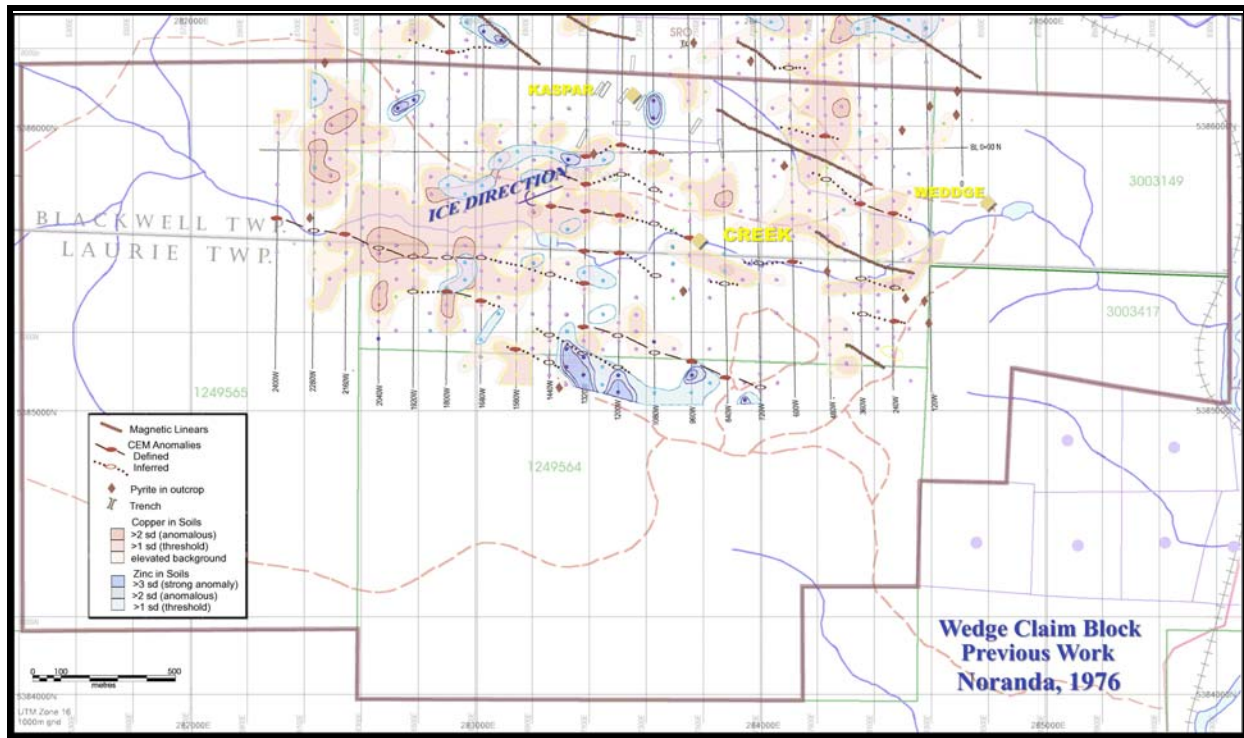


Figure 6 Geophysical and Geochemical Anomalies on the 1976 Noranda Blackwell Grid

The Noranda geochemical samples were taken from a depth of twelve inches within what is described as the “C” horizon, and is probably weathered till. An extensive copper anomaly is shown as extending over an area of 1,400 by 600 metres on the current Wedge claims. The shape of the anomaly can be interpreted as reflecting down-ice dispersion within the till glacial, which in this area is predominantly to the southwest. In other parts of the survey the anomalies in both Cu and Zn are aligned parallel to the west-northwest strike of the bedrock stratigraphy as well as the alignment of the conductors in the same area and the high amplitude magnetic features further to the north.

Noranda did not do any diamond drilling or trenching on the property.

In 1983, *Lacana Mining Company* carried out what was the second significant gridded project over the area of the Kaspar gold showing and the new RJK discovery (Chance, 1988a, b, c). They completed geological mapping over a larger area extending north and east to the Shebandowan River, as well as a VLF–EM survey over a 1,300 metre east-west base line with 800 metre lines. The same conductive features identified earlier by Noranda were located. The various cross-overs were aligned with a strike that was closer to the geological strike and further northwest of west compared with the interpretation used by Noranda. They also re-sampled the Kaspar trenches from which they obtained samples which assayed up to 0.4 g/t Au.

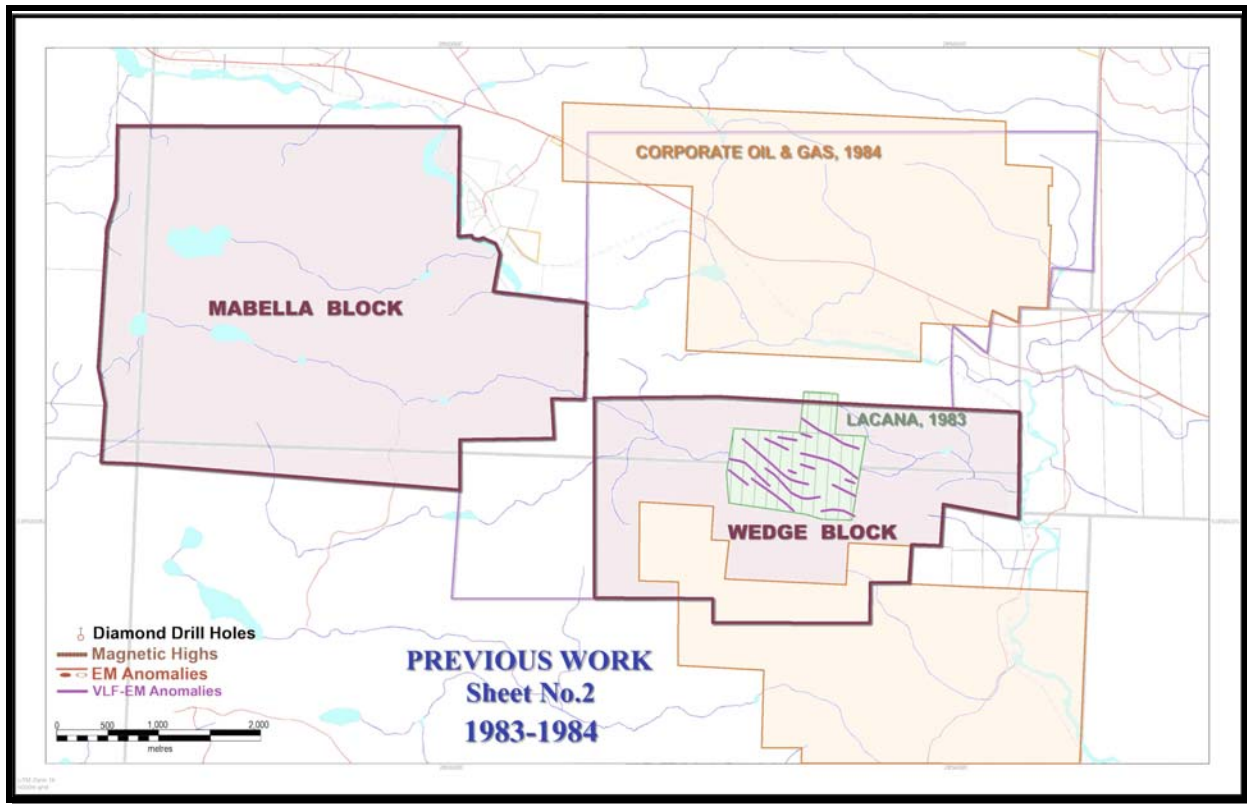


Figure 7 Previous Work in 1983-1984 in the Shabaqua Area

Corporate Oil and Gas Co. conducted a reconnaissance geological and soil geochemical survey in 1984 over 152 claims in two large claim blocks to the north and south of the current Wedge claims (Wilson and Gaboury, 1984). Their reported objective was to see whether they could use soil geochemistry in the exploration for gold deposits in a similar cost effective manner to the use of airborne electromagnetic surveys in the search for massive sulphide deposits. They collected 981 soil or humus samples which were analysed by atomic absorption. These samples include some which were collected on 100 metre apart flagged lines to verify the initial results. No maps are available of their results, but they are reported to have located several anomalies by companies who later undertook follow up work, including Noranda Exploration in their 1988 Mabella project as described below.

In 1988, *JET Mining Exploration Inc.* completed a Terraquest airborne magnetic and VLF-EM survey covering their claim group covering the same area centred on the Kaspar showing as explored on the ground previously by Noranda in 1976 and Lacana in 1983 (Terraquest, 1988). The survey covered a square area 2,200 on a side with north-south flight lines. Surprisingly few of the conductors identified previously show up as discrete VLF-EM anomalies. They located a linear feature in the northern part of their survey, at the boundary between the Greenwater and Kashabowie formations, close to the Kaspar gold showing, as well as a parallel zone approximately one kilometre further south which corresponds with an

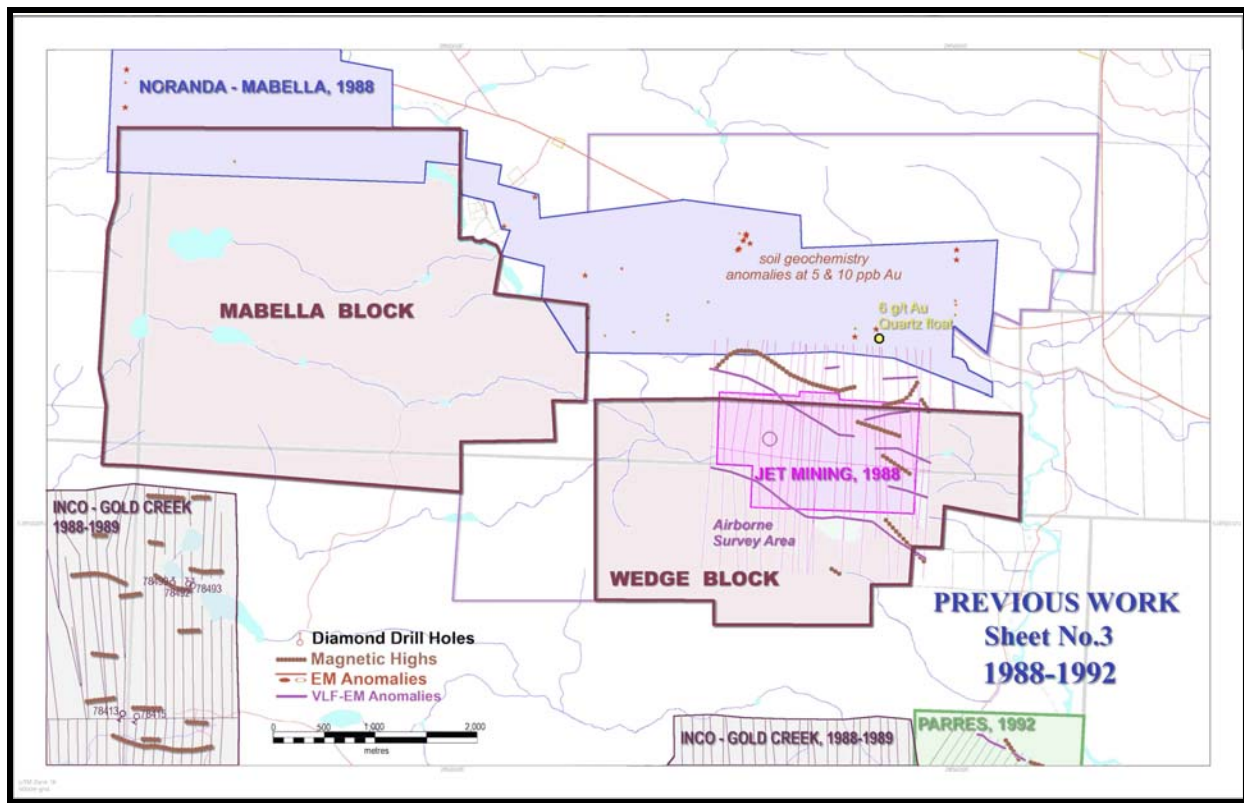


Figure 8 Previous Work in 1988-1992 in the Shabaqua Area

extensive IP anomaly located more recently by Tyranex. The magnetic survey is consistent with the previous information. It outlined for the first time a general area of lower magnetic amplitudes centred over the recent RJK gold discovery.

Noranda continued their exploration of the area in 1988 when they acquired a nine kilometre long block of claims covering what is now recognized as parts of the Kashabowie and Shabaqua formations (Thomson, 1988). They completed soil geochemical surveys for gold and geologically mapped along the north-south claim lines. They relocated the geochemical anomaly outlined in 1984 by Corporate Oil & Gas. They sampled the quartz float north of the Shebandowan River immediately north of the RJK Wedge claim block, from which they obtained an assay of 6 g/t Au. They also located weak soil geochemical anomalies at thresholds of 5 and 10 ppb Au further to the north, closer to Highway 11.

In 1988 to 1989, *Inco* completed an extensive exploration programme across several Townships including the full width extent of Laurie Township along the Matawin formation and the Gold Creek gold belt (Aubut, 1989; Charlton, 1987; Debicki and DeBerrer, 1988; Inco Gold, 1989; and Mooney, 1989). Their northernmost claims lie just south of the present Mabella claim block. Their programme provided further indications that gold mineralization is widespread throughout the Shabaqua and surrounding area.

The *Ontario Geological Survey* undertook an Aerodat regional airborne magnetic and electromagnetic survey in 1990 over most of the Shebandowan belt (Ontario Geological Survey, 1991). The results of this survey were re-compiled by Burt Consulting Services on behalf of RJK and used to generate a series of magnetic and electromagnetic anomaly maps of the entire Shebandowan greenstone belt. In turn they have been used by the author as a significant aid in establishing a more accurate picture of the regional geology as discussed further below. In particular, the magnetic map clearly distinguishes among the different formations crossing the properties and the immediately surrounding Shabaqua area. In addition, they clearly illustrate the series of northeast striking offsets to the major, strike-parallel high amplitude magnetic features. These have been interpreted as an important fault set whose significance was not previously been incorporated in the regional geological setting. As faults they appear to be extensional with the west side moving south along each one. One such fault close to the southeastern side of the Wedge claims where it appears to terminate the host stratigraphy to the recently discovered gold mineralization.

The electromagnetic data show linear, strike parallel anomalous zones within the Kashabowie formation, as well as along the contact between the Kashabowie and the Greenwater formations which are probably reflecting major faults separating each of these units. There is also a linear or “formational” conductor within the Greenwater Formation which crosses through the middle of the Wedge claim block from northwest to southeast, and which extends northwest into the Mabella claims. This conductive trend shows the same sense of offset as in the magnetic data. In addition to these “formational” conductors, there are several clusters of single line electromagnetic anomalies to the north of the linear formational zone within the Greenwater Formation on the Wedge and Mabella claim blocks. The cluster on the Wedge claims corresponds to anomalies identified in the 1970’s by Noranda and followed up by their ground surveys in 1976.

In 1990, *Minigold Resources* collected two bulk till samples along Highway 11 northwest of Mabella as part of a district wide reconnaissance survey (Bidwell, 1990). Both samples were described as being regionally anomalous.

James R. B. Parres explored an extensive claim block in 1992 to the south of the present Wedge claims with magnetic and VLF-EM surveys (Parres, 1992). A number of VLF-EM anomalies were located as well as distinct magnetic domains from moderate amplitude in the north to progressively lower amplitudes further to the southwest. The property overlay part of the Greenwater Formation and possible extensions of magnetic members which are in the foot wall of the gold mineralized stratigraphic units on the Wedge claim block.

In 1994, *Alan J. Wing* prospected a claim block in Blackwell Township north of the Wedge claims on the north side of the Shebandowan River. They covered the soil geochemical anomalies first reported by Corporate Oil & Gas in 1984 and later followed up by Noranda in 1988 (Larouche, 1994). The area is underlain by the Kashabowie formation. Two small grid were flagged and chained in order to assist in mapping and prospecting, one in the area of the quartz float just north of the River and railway tracks and the other close to the earlier Three Brothers drilling.

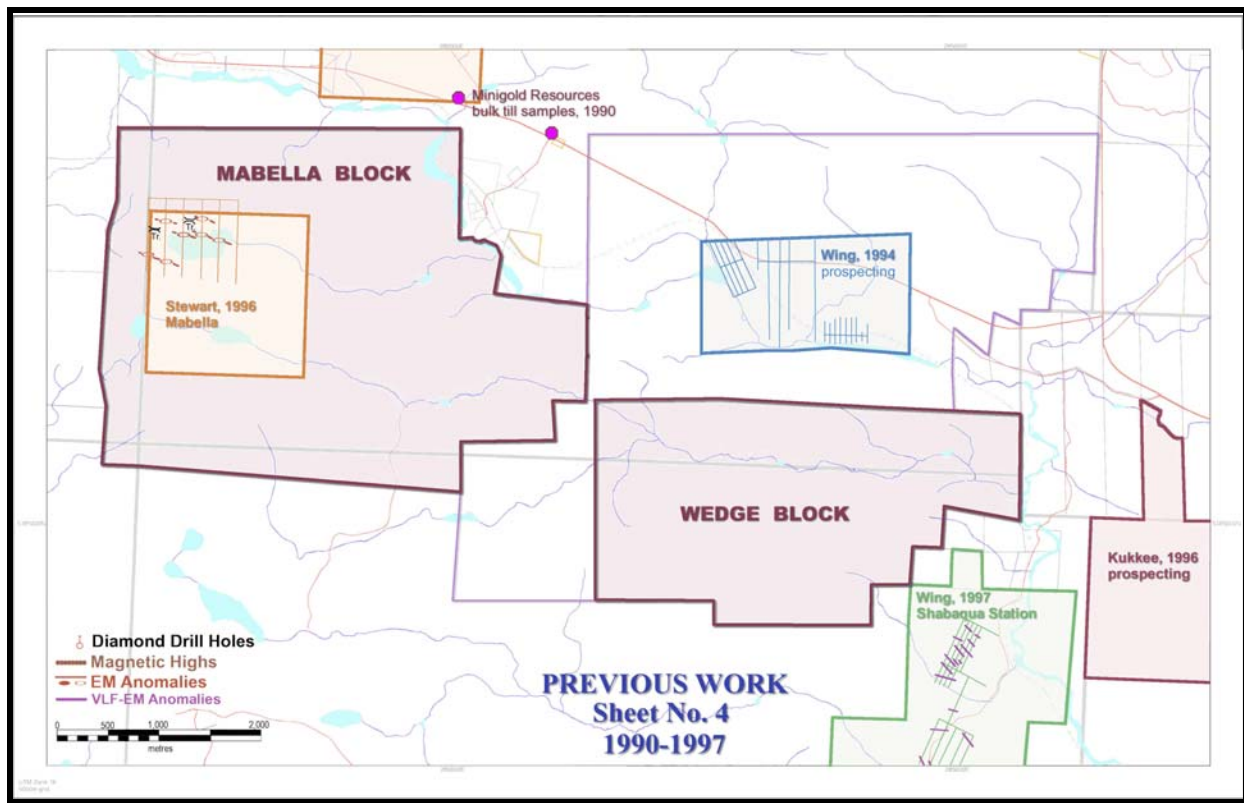


Figure 9 Previous Exploration in 1990-1997 in the Shabaqua Area

M. Stewart re-surveyed the anomaly close to the western boundary of Blackwell Township, east of the settlement of Mabella in 1996 (Clark, 1996a, b). The area had previously been surveyed by Inco in their 1966-1969 Blackwell project, when they had drilled a single hole in the area. This hole explained the electromagnetic anomaly as being from interflow pyritic, graphitic schists within a sequence of mafic volcanic rocks, and the magnetic anomaly as a body of peridotite lying beneath the centre of the lake in the northwest corner of the Stewart property. A new grid was cut in this area and a horizontal loop Max-Min multi-frequency EM survey and magnetic survey were completed which relocated the original Inco anomaly.

In 1996, *T. Kukkee* prospected claims in the northwest corner of Horne Township and some of the Dawson Road Lots, close to the eastern side of the Wedge claim block. There were no significant results (Kukkee, 1996).

Green Ice Corporation staked a large block of claims along the north side of Laurie Township in 1996. They completed geophysical surveys over a rectangular block with a 3,500 metre base line and north-south survey lines 800 metres long along the southern edge of the Shabaqua area (Figure 9) (O'Connor, 1996). This block lies adjacent to and partly overlaps with the Inco Gold Creek project from 1988-89. The grid overlies part of the Matawin formation. The surveys included magnetometer, VLF-EM and IP. Several

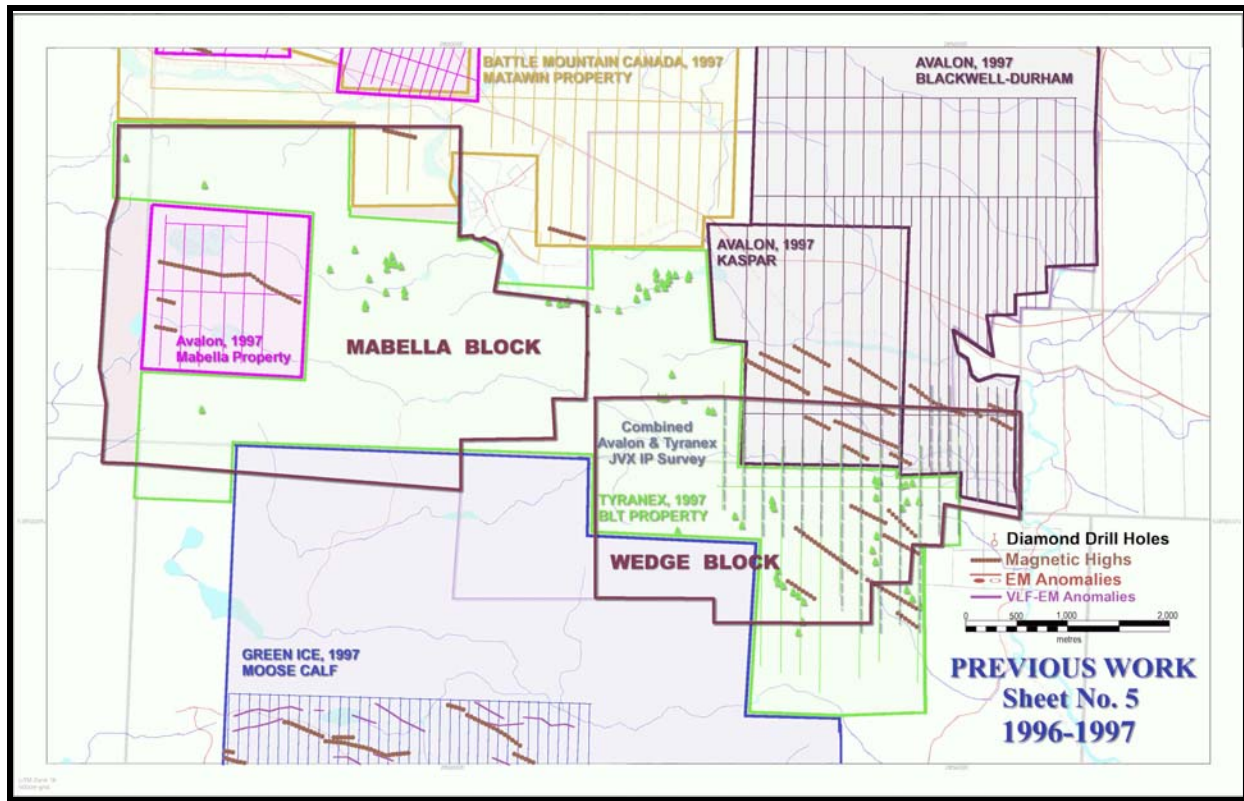


Figure 10 Previous Exploration in 1996-1997 in the Shabaqua Area

weak electromagnetic anomalies were located along with linear magnetic anomalies which are probably related to magnetic ironstones characteristic of the Matawin formation.

In 1997, *Battle Mountain Canada Inc.* held a large block of claims in the western part of Blackwell Township, north of the settlement on Mabella (McCann, 1997). Large grids were cut over the area and these were used for geological mapping and prospecting as well as ground magnetic surveys. This was one of several projects undertaken by Battle Mountain at this time in several parts of what was described by the O.G.S. around that time as the Matawin Gold Belt. The property is largely underlain by the Shabaqua formation subaerial clastic sedimentary rocks. There are relatively few, weak magnetic anomalies which may be due to either thin volcanic units with high magnetite contents interbedded within the sedimentary rocks or to possible magnetite palaeoplacers within the sedimentary rocks, both of which are elsewhere characteristic of Temiskaming type rocks such as the Shabaqua formation. Of the 38 rocks which were submitted for assay only three returned greater than 100 ppb Au, with the highest being 155 ppb Au.

Wing Resources explored a block of claims close to the site of Shabaqua Station in 1997 to the immediate southeast of the current Wedge claim block (Larouche, 1997). Two small grids were used for combined magnetic and two-frequency VLF-EM surveys to follow-up several O.G.S. airborne EM anomalies. The geological mapping identified most of the area as being underlain by mafic volcanic rocks, including pillow

lavas, of the Greenwater Formation. The exploration target had been an inferred extension of the Shabaqua formation. A belt of sedimentary rocks, including jasperoidal iron formations, and an interpreted conglomerate were mapped. These lie along the strike of the higher amplitude magnetic units which are in the foot wall of the mineralized stratigraphy on the Wedge property, offset by a major east-northeast striking fault. They located fine-grained sedimentary rocks which are probably outcrops of graphitic argillites and siltstones which form interflow horizons within the dominantly basaltic stratigraphy. The supposed conglomerate may be equivalent to the basalt flow top breccias and debris flows seen in the drilling which elsewhere in the region, such as in the earlier Noranda mapping around the Kaspar gold showing, were interpreted as dacite to rhyolite pyroclastic rocks.

The final comprehensive programme recorded before the present RJK programme was by *Avalon Resources Inc.*, and on behalf of *Tyranax Gold Inc.*, who established substantial grids over the central and eastern parts of the current Wedge claims extending to the north for a total of seven kilometres across each of the Greenwater, Kashabowie, Shabaqua and Quetico formations (Figure 10). The grid lines were orientated north-south, along a 2,500 metres base line. The several properties were grouped in different combinations for the various reports and maps (Morgan and Rees, 1997; Rees, 1997). These include the Kaspar property which corresponds with the northern part of the present Wedge claims, the Durham property to the east adjoining the boundary with the patents and the Dawson Road Lots, and the extensive Blackwell property, all staked or optioned by Avalon. In addition, Avalon explored the Tyranax BLT block of claims which on an extension of the Avalon grid to the south (Osmani and Rees, 1997). The Tyranax property extended to the west into the adjacent parts of Duckworth Township.

Comprehensive geological mapping and magnetic surveys were completed over all of the gridded areas. In addition comprehensive IP surveys were completed over a base line of 2,800 metres and cross lines up to 2,700 metres long on the southern part of the Kaspar block and the northeastern part of the Tyranax BLT property. While the grid was continuous, and the surveys were undertaken by the same contractor (JVX Ltd.a, b), there is actually a gap in the coverage at the boundary between the Avalon and Tyranax properties at the boundary between Laurie and Blackwell Townships. respectively. It is in the area of this gap, corresponding to the valley where the Creek zone had been located, that the new gold discovery has been made by RJK.

The IP-resistivity survey employed the spectral system developed by JVX which provides additional information on the characteristics of the chargeability, as well as the typical phase effect and the corresponding resistivity readings. The survey employed a constant spread of $n=6$ with electrode "a" spacings of 25 metres in a pole-dipole configuration. The survey covered 26,775 metres of lines for readings at 1,016 stations on the 200 metre apart grid lines.

As is usually the case, the results were presented in plan form on which zones of similar chargeability and/or resistivity characteristics were identified by JVX and priorities assigned based on their electrical properties as compared with those related to known mineralization elsewhere. By far the majority of these zones were interpreted to strike close to east-west, or normal to the grid lines, this being the simplest approach to interpreting possible continuity to what are often anomalies with somewhat different

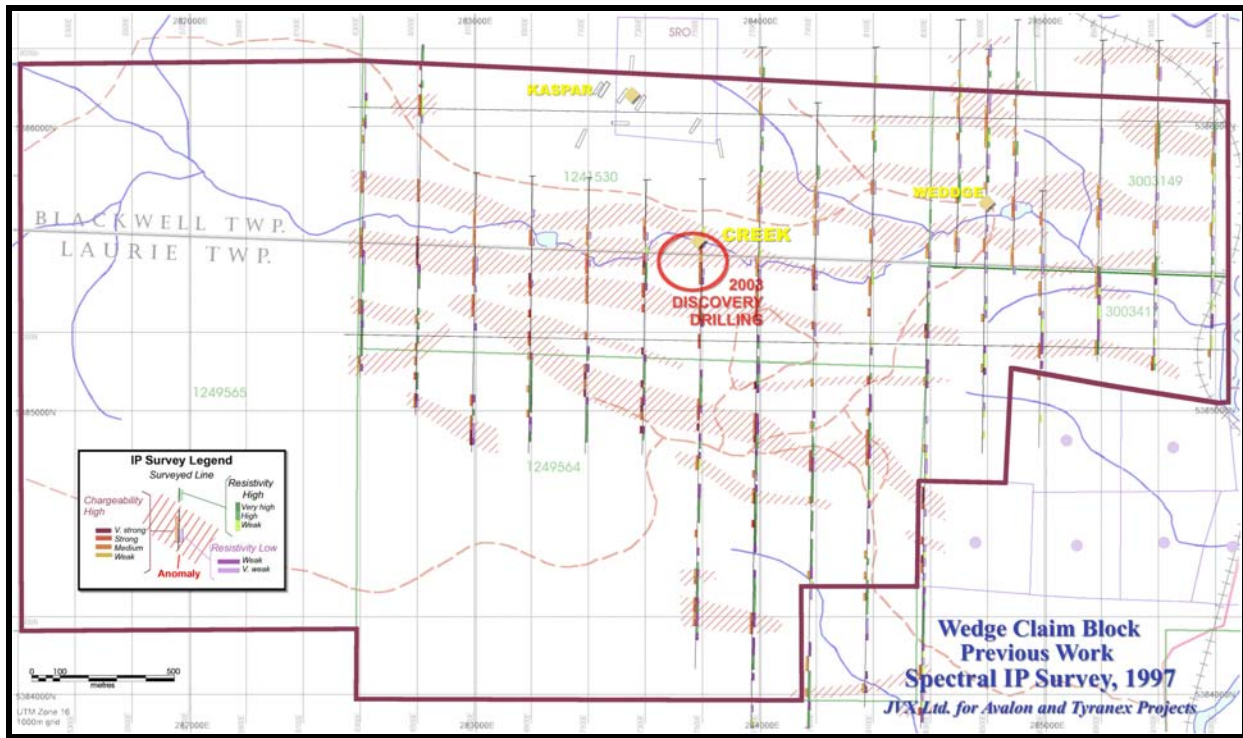


Figure 11 Avalon-Tyrone 1997 IP Survey as Interpreted by JVX on Wedge Claim Block

characteristics from line to line. Unfortunately in this case, this interpretation, failed to take into consideration the abundance of contradictory information which indicated that the anomalies were more probably aligned west-northwest, consistent with the orientation in the magnetic anomalies and as seen in various electromagnetic methods employed previously by other companies, let alone the available geology maps. To some extent this result was an unforeseen factor of the 200 metre apart line spacing and the natural spacing of the anomalous response sources along the lines which turned out to be of similar spacing, typically of 200 to 300 metres apart along the lines. The result is an almost “square” grid pattern of interpreted anomalous sources, from which it is possible to select almost any orientation for joining up these sources into continuous “zones”

In addition, **Avalon** explored three blocks to the northwest in the Mabella project, the southernmost of which covers parts of the current Mabella claims. Their claims coincide with the block explored in part in 1996 by M. Stewart, and drilled in 1969 by Inco. The Inco drilling explained the source of the conductive and magnetic anomalies in this part of the contact between the Kashabowie Formation to the north and the Greenwater formation to the south. Avalon completed a grid over the entire property which as surveyed by magnetometer and geology (Campbell, 1997; Parker, 1997).

Summary Comments

The first modern exploration programme in the Shabaqua area was in the 1960's by Inco in the search for nickel sulphide mineralization similar to that at their nearby Shebandowan Mine. The area was next explored in the 1970's, this time primarily by Noranda, in the search for volcanic hosted, base metal, massive sulphide deposits on various blocks following up a Questor airborne geophysical survey. The perceived potential for base metal mineralization was based in part on the indicated existence of both mafic and felsic volcanic rocks and the abundant "exhalite" iron formations which were apparent from their airborne geophysical survey.

Over the past 25 years the area has been considered as one having potential primarily for gold mineralization. The exploration in the immediate Shabaqua area including the Wedge project is part of a larger regional interest within the Shebandowan greenstone belt. This exploration was largely focussed on and around the area corresponding to the Shabaqua formation along the northeast side of the belt, in the area known in the 1990's as the Matawin Gold Belt, and in temporally associated syenite intrusions, such as the Tower stock. Further indications of the potential of the area include the gold production from the Kerry mine to the west of Shebandowan, as well as several interesting gold showings in the area with characteristics which indicated the potential in the region for larger mineralized systems. Among these are the original Kaspar gold showing on the RJK Wedge claims and the Chilian Sand Lake showing to the southwest within the Shabaqua area.

The emphasis of most of the gold exploration programmes, as described above, has been on the use of prospecting and geological mapping, but predominantly most programmes have employed extensive, and locally intensive, geophysical surveys. The combined coverage of these surveys include most of the Shabaqua area (Figure 12).

The geological characteristics of the area are similar in many respects to those of other major gold camps within the Superior Province. Direct comparisons have been made with the Timmins-Porcupine and Kirkland Lake gold camps, partly because of the common association between them and the Shebandowan belt in the linear belts of younger, Temiskaming-type sedimentary and related subaerial volcanic rocks - such as the Shabaqua formation - together with their associated alkalic syenite plutons - such as the Tower stock. These features are thought by many to play a large role in locating gold deposits in these and other camps.

Despite the area being one of relatively rugged relief, especially as compared with areas such as Timmins and Kirkland Lake, the locally extensive overburden cover has prohibited the effectiveness of classical prospecting. Without the impetus of actual near surface mineralization, and given the numerous geophysical anomalies which have been located on all of the numerous grids, there were no obvious targets of sufficient interest to justify priority drilling. As a result very little drilling has actually been done in the area, and particularly in the more recent gold targeted projects (Figure 13).

Despite the generally universal recognition of the suitable and favourable host rocks throughout much of the area, field geology has been of little direct help in locating areas of increased potential. To some extent

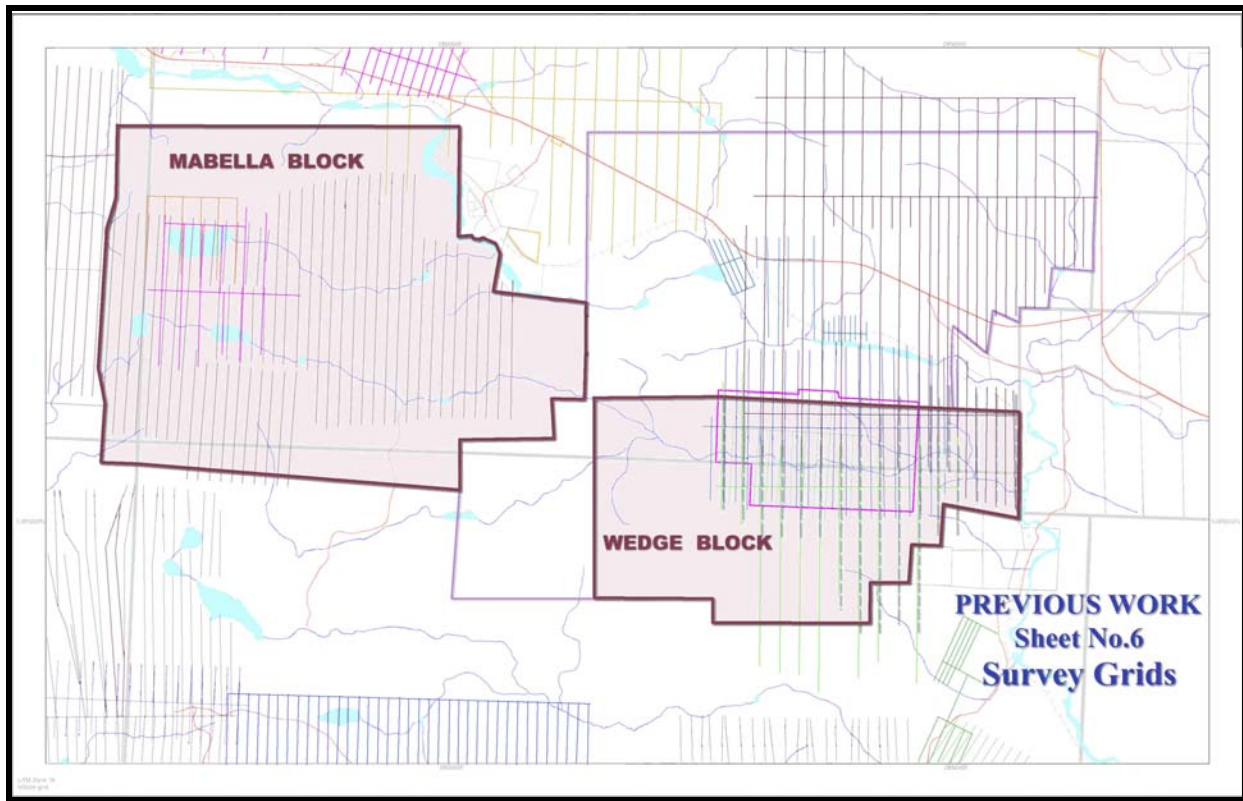


Figure 12 Combined Geophysical Survey Grids in the Shabaqua Area

there are too many potential host rocks and structures - and too few good surface exposures - to effectively evaluate whether the right rock types are located close to one another in the appropriate spatial association consistent with existing gold mineralization models and in any area of targetable size. Much of the geological mapping has been relatively ineffective because of reliance on inaccurate historical observations on the local rock types as well as the inaccurate portrayal of the stratigraphic and structural relationships within the belt. To a large extent, this is also a function of the lack of suitable outcrop in the areas of extensive glacial cover.

The reliance and emphasis on geophysics has also been a response to the glacial cover which extends over most of the area. In some ways the geophysical programmes have been too successful in that they have located a plethora of anomalies. Without any direct mineralization related criteria with which to assign priorities, almost none of the anomalies were ever drilled. The result has been substantial, and locally repetitive, surveys and almost no diamond drilling in the Shabaqua area and none at all on the Wedge claim block.

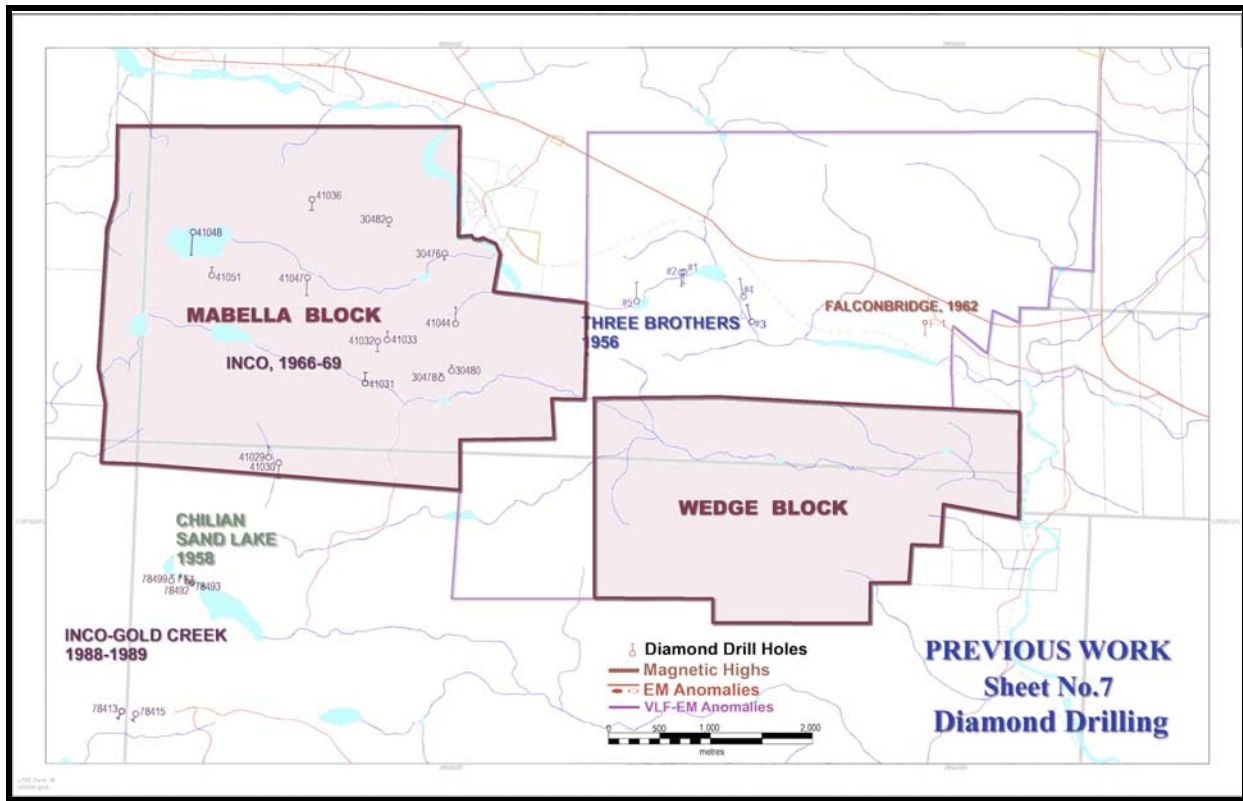


Figure 13 Previous Diamond Drilling in the Shabaqua Area

The recent successful drill programme by RJK, and the resulting discovery of the mineralization on the Wedge claims, is a result of persistence by local prospectors. Despite the difficulties encountered in the region they successfully located two small outcrops from which they obtained interesting gold grades. One of these in the Wedge showing, after which the property is named, and the other the Creek showing which was the target for the first RJK drill hole. The irony is that the mineralization which has been discovered in that and subsequent holes probably has a strong geophysical signature as it is associated with abundant pyrite and hosted by rocks which include graphitic argillites. The extensive previous geophysical work has outlined substantial extensions of these same anomalies, providing numerous additional drill targets. It has also helped in establishing the different stratigraphic units across the area through the relatively distinct signatures characteristic of each formation. Units with conductive, carbonaceous and pyritic sedimentary interflow beds can be distinguished from those with characteristic magnetic-jasperoid ironstone between the individual flows.

The very different geological picture which emerges as a result of the drilling (basalt rather than rhyolite, essentially pristine undeformed rocks, rather than the previously presumed shear zones) shows the necessity for additional drilling in the area - and the potential for additional discoveries on the claim blocks held by RJK.