

**RE-EVALUATION OF THE GOLD EXPLORATION POTENTIAL**

**Moss Lake Property / Ardeen Gold Mine Area  
Thunder Bay Mining District, Ontario, Canada**

**for  
Pele Mountain Resources Inc.**

Toronto, Ontario  
February 14, 2003

by

Peter M Dimmell, P.Geo.  
Claude P. Larouche, B.Sc.Eng; M.Sc. geol.

**Pele Mountain Resources Inc.**

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*LETTER OF TRANSMITTAL*

Toronto, Ontario

February 14, 2003

Mr. Alan Shefsky, President  
**Pele Mountain Resources Inc.**  
2200 Yonge Street, suite 1002  
Toronto, Ontario  
Canada, M4S 2C6

Dear Sir:

Please find enclosed, the report, the Re-Evaluation of the Gold Exploration Potential of the Moss Lake Property / Ardeen Gold Mine Area, Thunder Bay Mining District, Ontario, Canada, dated February 14, 2003.

The report is based on information available in the assessment work files at the Resident Geologist's Office in Thunder Bay, files from Pele Mountain's exploration office in Toronto, recent publications and news releases on exploration developments in the Thunder Bay Mining District and finally discussions between the two authors.

The property offers significant potential for the discovery of economic gold mineralization.

A budget of approximately \$ 50,000 (C\$) is recommended as the next phase of exploration. The results generated by the exploration program will allow a better understanding of the controls of gold mineralization and help plan a systematic exploration program covering the most promising gold-bearing structures on the property.

Yours Truly,

"Peter M. Dimmell"

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Peter M. Dimmell, P.Geol.

"Claude P. Larouche"

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Claude P. Larouche

*LETTER OF CONSENT*

February 14, 2003

Thunder Bay, Ontario  
St. John's, NL.

The President and Directors  
**Pele Mountain Resources Inc.**  
2200 Yonge Street, suite 1002  
Toronto, Ontario  
M4S 2C6

Re: Consent concerning the report for Pele Mountain Resources Inc., entitled: "**Re-Evaluation of the Gold Exploration Potential, Moss Lake / Ardeen Gold Mine Area, Thunder Bay Mining District, Ontario, Canada**", written by Peter M. Dimmell, P.Ge. and Claude P. Larouche, upon request from Alan Shefsky, the president of Pele Mountain Resources Inc.. The report is dated February 14, 2003.

To Securities Regulatory Authorities

Pursuant to the regulations of the pertinent Government Securities Control Statutes, we hereby consent as follows:

- 17.0 To the reference to our names as authors of the present Technical Report, in a Prospectus and or Amendment to a prospectus and/or any other official documents which may be filed and published by Pele Mountain Resources Inc.
- 18.0 To the inclusion of the Summary of the said report in its entirety in the said Prospectus and or Amendment to Prospectus.
- 19.0 To the placing on files by Pele Mountain Resources Inc. of the said Report and Summary, for the examination of any person or persons wishing to read the said Report and or the said Summary
- 20.0 Please take notice that this letter is attached to the said Report and the said Summary and that no part of the said Report and or said Summary, which is out of context with the said Report and or Summary, may be used or reproduced whatsoever without the prior written permission of Pele Mountain Resources Inc.

Sincerely Yours

"Peter M. Dimmell"

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Peter M. Dimmell, P.Ge.

"Claude P. Larouche"

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Claude P. Larouche

## *SUMMARY*

A re-evaluation of Pele Mountain's wholly owned Moss Lake / Ardeen Mine property, located in the Shebandowan greenstone belt in the Thunder Bay Mining District of northwestern Ontario, was initiated at the request of Alan Shefsky, president of Pele Mountain Resources Inc.

The property covers the former "Ardeen Mine", also known as the Kerry or Huronian Mine, which operated intermittently from 1871 to 1935, producing 143,724 tons of ore which yielded 29,678 ounces of gold and 172,617 ounces of silver. The workings include the main shaft, a 389 m (1275 ft) vertical three compartment shaft and two other shallower shafts, with development on 10 levels. There are no surface buildings left at the site. The remains of the mill foundations and the tailings and waste piles are the only evidence of former production. The three shafts are covered and fenced in and pose no significant danger.

Earlier work in the mine area, prior to Pele's involvement, was carried out by Noranda, Dome Mines, Inco, Matt Berry Mines, Landore Exploration, Goldfields Canadian Mining and Akiko-Lori Gold Resources Ltd and others in addition to prospector groups including Mike Fogen, E. Ranta, Dave Petrunka and 1013968 Ontario Inc.

The western portion of the large land holding has seen past exploration by Tandem Resources, Mike Fogen, the Calvert / Wing / Wallace group, and Lynx Canada Explorations. The southern portion of the claim group has been explored by Grand Portage, Wawaig Resources Inc. and Noranda Exploration Company Limited.

Pele Mountain Resources Inc., acquired the ground in 1996 and carried out a major exploration program in the period from 1996 to 1999, mainly in the central portion of the group, centred on the Ardeen Mine and its extensions to the east and west.

This exploration primarily focussed on high grade mineralization typical of the Ardeen deposit. These zones can be characterized as narrow shear zones crosscutting volcanic and chemical sediments such as chert and iron formation. Significant results were obtained in the drill programs carried out by Pele and led to the preparation of a resource estimate on the Ardeen Mine property by Minescape Exploration Inc. This report is appended as Table 3.

The southern part of the property has not yet been systematically explored by Pele even though the geological setting is similar to that at the Moss Lake deposit, a large tonnage-low grade gold deposit, located on a property immediately adjacent to Pele's claims. Over the past few years, limited prospecting, mainly on new logging roads, has resulted in the location of numerous gold showings on adjacent properties. Favourable structures and geology warrant an aggressive exploration program on this part of the claim group.

Studies of the sampling and assay techniques on the work completed by Pele Mountain, were carried out by independent consultants such as Roscoe Postle Associates and Spiteri Geological and Mining Consultants Inc. Their conclusions were that the techniques used were valid and that the analyses received during the exploration programs are valid.

Recent gold oriented work in the general area has evaluated the Coldstream Mine property, more specifically the Coldstream East (Kinross / Alto Ventures), the Snodgrass Lake - Moss Lake

property (Moss Lake Gold Mines) and a newly discovered gold showing to the southwest on the SunGold property , recently optioned by Freewest.

The work carried out by Pele has been primarily focussed in the immediate Ardeen Mine area, the first gold deposit located in the western Shebandowan belt. It has been relatively near surface except for a couple of deep holes aimed at the down plunge / down dip extent of the Ardeen vein structure itself. On strike targets to the northeast and southwest remain relatively untested as do parallel structures to the north and south of the deposit.

The Ardeen / Moss Lake Property has extensive gold mineralization over wide areas both along and across strike. The mineralization is associated with structural elements such as shear and fault zones, is generally hosted in mafic volcanics and intrusives and is also associated with iron formation and quartz feldspar porphyry intrusives.

The possibility for a significant deposit remains and should be tested by a comprehensive program of compilation of all existing data into a digital data base and a regional structural synthesis to understand the geological settings for the various deposits and showings. It is very likely that significant target areas will arise from this work. These will require surface followup including trenching and diamond drilling.



PELE MOUNTAIN RESOURCES

# MOSS LAKE PROJECT

Thunder Bay Area,  
Ontario, Canada

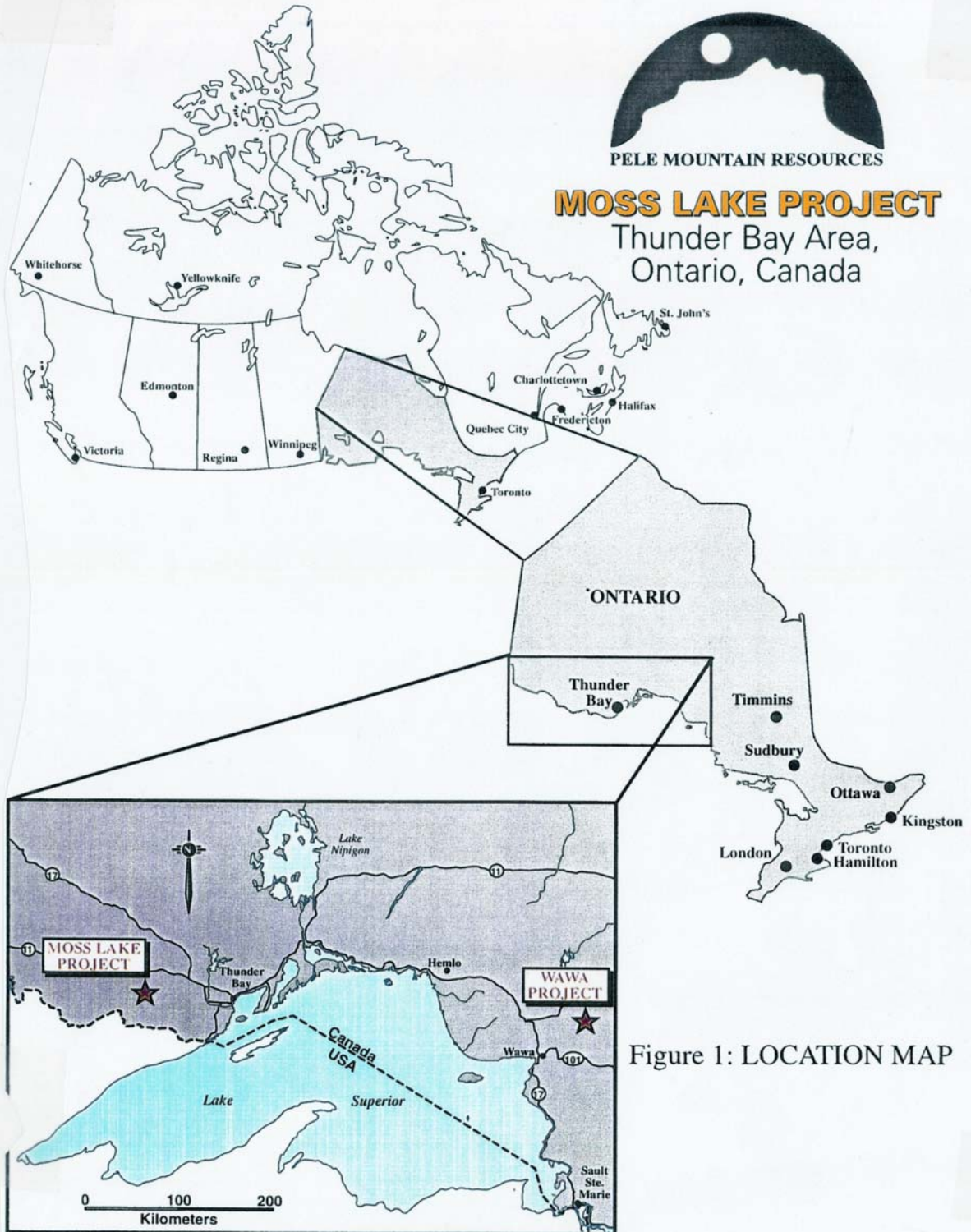


Figure 1: LOCATION MAP

## **1.0 Introduction and Terms of Reference**

This report was requested by Mr. Alan Shefsky, president of Pele Mountain Resources Inc. in order to qualify the mining property referred to as “Moss Lake \ Ardeen Mine”, following the rules and regulations under the **Securities Act – National Instrument 43-101 - Standards of Disclosure for Mineral Projects, Form 43-101F1, Technical Report, and Companion Policy 43-101CP.**

The report has been prepared jointly by Mr. Peter M. Dimmell who is the Qualified Person (QP) for Pele Mountain Resources Inc. and Claude P. Larouche, geological engineer, who is based in Thunder Bay, Ontario. Mr. Dimmell is a director of Pele who supervised the work carried out by the company on the property. Claude Larouche has been directly involved with exploration work on the property prior to the Pele Mountain acquisition.

All public information available at the office of the Resident Geologist In Thunder Bay, Ontario, which is relevant to the property and the immediately adjacent areas has been reviewed and where pertinent, has been included in the report. Exploration data on Pele’s work in the Company’s files in Toronto has also been made available to the authors.

Recommendations for further work to continue the systematic evaluation of the gold potential of the property are given.

## **2.0 Disclaimer**

This report was prepared for Pele Mountain Resources Inc. as a submission to meet the standards under National Instrument 43(101). Much of the data provided in this report was prepared prior to the implementation of 43(101) and may not meet all the requirements under this regulation. This data, when used, is noted as such.

The description of the exploration carried out by Pele is primarily taken from reports submitted by Fred Archibald as assessment reports on the property. These are noted in the references.

## **3.0 Property Description and Location**

The property consists of 153 contiguous unpatented mining claims (Table 1), totalling 290 claim units and 4640 hectares, plus 4 patented claims totalling 404.292 heactares, in Moss Township, Thunder Bay Mining Division, in Ontario (Figures 1 & 2) The property covers a large portion of Moss Township extending approximately 15 km northeast-southwest and 4 km southeast-northwest. All the claims are located within NTS sheet 52 B/10 SW and have the following

UTM co-ordinates for the Northeast corner of the claim block: 5384000 N / 671500 E (NAD 27). The claims are recorded on claim map G-676, Moss Township.

The central part of Moss Township is located approximately 125 kilometers by road to the west of Thunder Bay in northwestern Ontario.

Patented claim H1 covers the former underground workings at the Ardeen deposit plus on strike extensions of the mineralized zones. Both the surface and mining rights are controlled by the Company with yearly taxes payable. All the other claims are unpatented but give an exclusive right to the company to carry out exploration and limited development work, with a mining lease required for a mining operation.

The patented claims were surveyed prior to and in the early part of the century and the survey pins have not been located. The shaft locations and most of the recent diamond drill holes (by Pele) were surveyed in 1997.

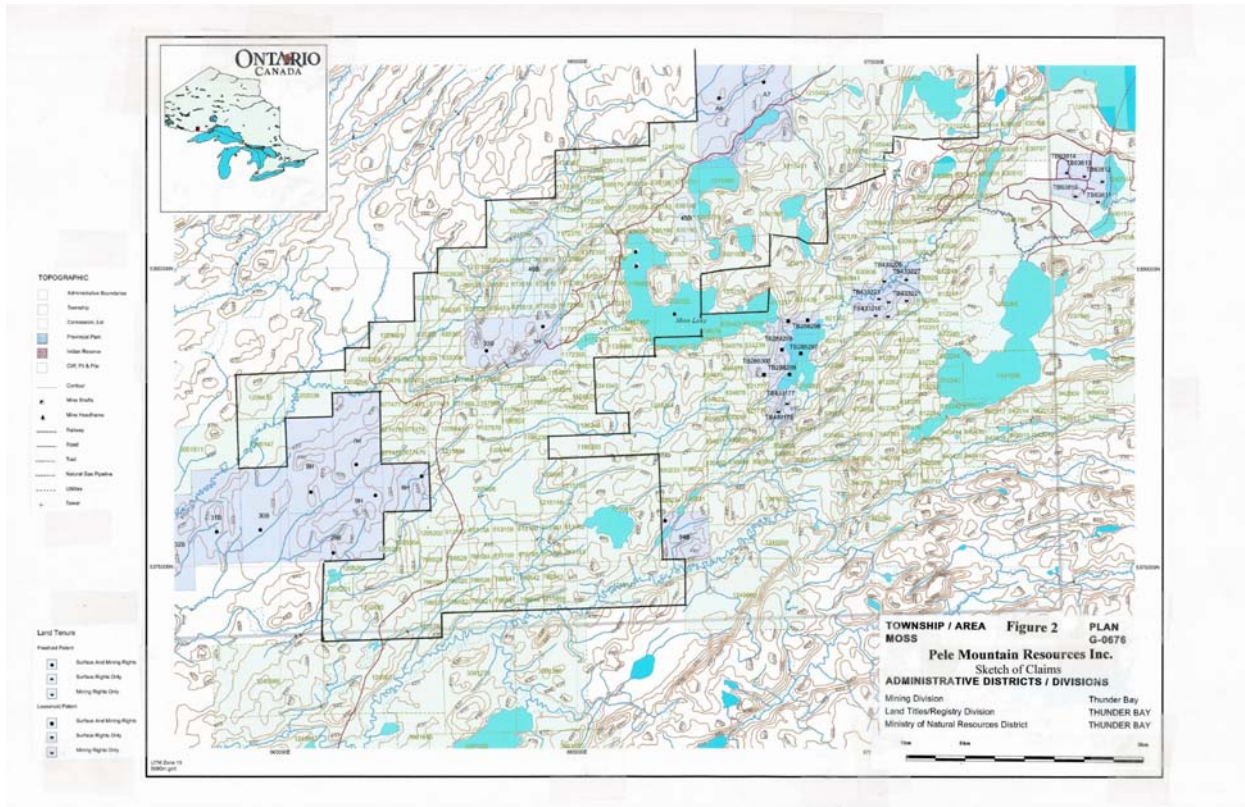
The claims, both patented and unpatented, were acquired following agreements with the original land owners. All terms and conditions of these agreements have been satisfied except for payments (cash and / or shares) which are only due when production commences on the properties. There are buy back provisions for some portions of the outstanding Net Smelter Returns.

There is no encumbrances to which the property is subject except for paying yearly taxes on the patented claims and carrying out the assessment work required on the unpatented claims.

There are no known environmental liabilities on the property. No permits have been required by Pele for the work carried out to date.

The location of all gold bearing mineralized zones and significant gold bearing structures in the immediate area, calculated mineral resources, old mine workings and tailings pond on the property are shown on Map 4..

The claim data, including the date recorded, assessment work requirements and filings are detailed in Table 1 at the end of the report.



#### 4.0 Accessibility, Climate, Local Resources, Infrastructure and Physiography

The property is accessed from Thunder Bay via the Trans Canada Highway (TCH), Highways 11/17, to Shabaqua, approximately 70 kilometers to the west of Thunder Bay. At Shabaqua, follow Highway 11, past Kashabowie, a small town of approximately 300 people, for approximately 55 kilometers to the Swamp Lake Road intersection on the south side of the highway. The Swamp Lake road, an all season main logging access gravel road, heads south through the central portion of the claim block and connects with the numerous secondary logging roads, which give access to most parts of the property.

The topography of the property is fairly gentle except for the central part, just to the north of the mine workings, where topography is more pronounced along the Ardeen Fault zone, especially on the north side. The mean elevation is approximately 440 metres above sea level and the highest point, to the north of the Mine shaft, is 480 metres above sea level. Topography is characterized by low areas, generally occupied by swamps and rolling hills, usually oriented north-east south west, parallel to the strike of the geological formations.

The vegetation is typical of a forested area, which has been recently harvested (last five to ten years). The vegetation is natural re-growth with some sections re-planted with spruce and jack pine. Uncut swampy areas are covered by black spruce with underbrush of labrador tea and alders.

The climate in Northwestern Ontario is typical of northern areas with long winters and hot summers. The climate does not create any problem for exploration with diamond drilling and other non geological / geochemical work able to be carried out at any time except for Spring break up, over a 3 to 6 week period, when most gravel roads are not suitable for driving and weight restrictions are in place on the Highways.

Water is available from lakes and numerous creeks. Power is available along the TCH, approximately 15 kilometers to the north and to the northeast at the past-producing Coldstream Mine. Manpower is readily available in the area from Thunder Bay, Atikokan and Red Lake. Building material, such as sand and gravel, is readily available.

## **5.0 History of Exploration**

Gold was discovered on the property in 1870, and the first mining claims over the Ardeen deposit were staked and surveyed from 1871 to 1874, leading to production in 1882 as the first gold mine in north-western Ontario. Total reported production in the 1930's was 143,724 tons of ore yielding 29,678 ounces gold and 172,617 ounces silver. During its early operating history, on strike extensions of the deposit were investigated with the McKellar Vein (now referred to as the Pele Zone) located to the southwest of the underground workings, pitted (McKellar pits) in a number of locations.

The Shebandowan area has hosted a number of important gold and base metal deposits. The Coldstream mine, located approximately 20 km to the northeast of the property, produced 2.7 million tons grading 1.9 % copper with accessory gold and silver. The Coldstream East Zone has an inferred resource of 7.6 M tonnes grading 2.0 g/t (0.064 oz/t) Au. (Newhawk Gold Mines, 1995) and the Tandem-Storimin - Moss Lake deposit, located approximately 6 kilometers to the east of the property has a reported "indicated" resource of 60 M tonnes grading 1.1 g/t (0.032 oz/t) Au (Moss Lake Gold Mines, 2002).

The Shebandowan Nickel Mine operated intermittently by Inco, and more lately by Dynatec, closed in 1997. Production over the life of the mine is reported as 8.6 million tonnes at 2 % Ni, 1 % Cu and 2.68 g/t combined Pt and Pd.

The first systematic exploration in the area, after the closure of the Ardeen Mine, was in 1957 by Noranda Mines. This program located strong conductors mainly in the northeast part of the existing block, and was targeted at base metals. Gridding, geological mapping and geophysical surveys were carried out prior to a three hole, diamond drill program. No significant mineralization was located and no further work was carried out.

In 1973 and 1974, Dome Exploration held the ground over the Ardeen Mine and its on strike extensions under option from Belore Mines. They carried out geological mapping and geophysics followed by diamond drilling which included seventeen holes totalling 1696.8 m (5567 ft). Drilling was concentrated around the old mine workings. A number of the holes intersected significant gold mineralization in iron formation to the south of the mine workings, the first time that gold in iron formation had been noted on the property.

From 1976 until 1982, the ground was held by the provincial government as a potential park location and no exploration was allowed.

After the “caution” was lifted in 1982, a number of individual prospectors, including Mike Fogen, Costy Bumbu, Dave Petrunka and others, staked and carried out limited work in the area, primarily on the old showings including the Ardeen Mine itself, the Fisher zone, and other zones to the southwest including the Minoletti and the Beaver zones.

A regional Till survey was completed over the western Shebandowan belt, by the Ontario Geological Survey in 2000. This survey covered the Ardeen property. Numerous samples were found to be anomalous to strongly anomalous in gold, PGE’s and other elements. The highest gold value was located just to the north of the Ardeen deposit, to the north of the Ardeen fault. No follow up was carried out except for a 1 day visit to the area in early April 2001, when Al Shefsky, Andy Bajc, Peter Dimmell and Allan Keats visited the area and panned a few flakes of gold from a three sites in the area of the anomaly.

A list of assessment work files covering exploration on the property, available at the Office of the Resident Geologist in Thunder Bay, is attached as Table 2. Reports utilized in the present study are listed in the bibliography / references.

**Following is a short summary of the history of exploration.**

1870	The Ardeen Vein was discovered by two trappers.
1872	Peter McKellar sampled the Ardeen Vein.
1874	H-1 claim staked by Jackfish Lake Mining Company.
1882	- Mining operations commenced;
1883-1885	- 10 ton amalgamation mill set up
	- Shaft # 1 sunk to 48.2 m

1925 Shields Development Company dewatered Shaft # 1  
 1927-1929 Moss Mines Ltd. sank Shaft # 2 to 12.9 m depth  
 1931-1932 200 ton cyanide leach mill constructed  
 Shaft # 2 deepened to 228.6 m  
 1934 529 oz. gold produced  
 1934-1935 Shaft # 2 deepened to 389.3 m  
 1936 operations at the mine ceased  
 1937 Erie Canadian Mines Ltd. evaluated surface and underground data  
 1938 Regional geological by GSC (Tanton)  
 1957 Noranda Mines Ltd. - geophysical, geological work plus 309 m diamond  
 drilling (5 holes), 12 trenches, drilled strong electromagnetic conductors  
 - low gold values returned.  
 1965 Noranda Exploration Ltd. – electromagnetic survey, trenching , diamond  
 drilling 686 meters (7 holes) - Waverley Loop area  
 1965 Cominco Ltd. - airborne EM and magnetics, 2 ddh's northern  
 sector  
 1967 Coldstream Mine, adjoining the east section of the property, produced 2.7  
 million tons grading 1.9% copper and 0.15 oz/ton Au.  
 1968-73 Belore Mines Ltd. - electromagnetic and magnetic surveys, diamond  
 drilling 412.7 m (5 holes)- 0.56 /3Æ(71-3)  
 1970 ODM regional geology (Harris)  
 1971-1972 Belore Mines Ltd.- VLF-EM, magnetic survey, diamond drilling  
 - Fisher Zone – 9 holes, Trench 2 Zone - 3 holes (38.4 g/t Au over 3.8 m  
 and 5.14 g/t Au over 4.6 m) and McKellar pit area - 6 holes.  
 1969-1974 Dome Exploration Ltd. - geological, horizontal loop geophysical,  
 diamond drilling - 1697 meters (17 holes) on 1H Block. (0.22 / 4.7Æ in  
 iron formation)(0.56/5Æ, 0.56/5Æ,1/.12/5Æ Fisher Zone extension))  
 1976-1992 All areas except H-1, B33, A6 & A7 reverted to Crown, mill tailings  
 ptioned by Hermiston Ltd.  
 1977 Rio Tinto Exploration, regional airborne magnetic survey  
 1978 Camflo Mines Ltd. optioned property  
 1980 Lacana Mining Corp. sampled mill tailings  
 1982 Belore Mines Ltd. - report by Excalibur Consultants Ltd.  
 1985 Kennco Exploration Ltd.- geological, magnetometer / VLF-EM surveys,  
 diamond drilling - 1894 meters (16 holes) Waverley Loop area  
 1986-1988 Matt Berry Mines Ltd.- diamond drilling 14,508 feet (18 holes)  
 - McKellar extension and under mine workings (41.14 g/t Au over 1.5 m).  
 1988 Noranda Exploration Ltd. - airborne EM and magnetics; Induced  
 Polarization survey, trenching - Waverley Loop area  
 1988 Rainbow Lake Resources Ltd.- magnetics / VLF-EM, IP, geological  
 survey, diamond drilling - 1513 m (7 holes) - Rainbow Lake area  
 1988 International Geoventures acquired the Ardeen Mine property.  
 1990 Gold Fields Canadian Mining Ltd. - airborne VLF EM and magnetics  
 1990 Noranda Exploration Inc.- airborne magnetics and EM, geology, till  
 sampling, trenching, IP  
 1991 GSC geological mapping (Osmani)

1991	Akiko-Lori Gold Resources - stripping of Fisher Zone - 23 m x 1.60 m @ 20.91 grams/tonne gold
1991	Noranda Mines Ltd. diamond drilling 879 m (3 holes) over Waverly Loop (West Zone)
1992	Akiko-Lori Gold Resources - geological, 336 m diamond drilling (5 holes) 2.06 g/t over 8.35 m - Fisher-McKellar Zones
1993	Moss Lake Gold Mines – reports reserves of 62 million tons grading 1.1 g/t (0.032 oz/ton) Au from Snodgrass Lake deposit
1994-1995	Ovalbay Geological Services Inc.- mapping, stripping, sampling, diamond drilling - 222 meters (5 holes) east & south 1H Block (Fisher/Trench #2)
1995-1996	GSC regional mapping (Osmani)
1996	Ovalbay Geological Services Inc.- evaluation report, Fisher Zone area

## 6.0 Geological Setting

The property is located within the Moss-Burchell Lakes portion of the Archaean-age Shebandowan-Wawa Greenstone belt (Figure 5). The belt forms a metavolcanic / metasedimentary sequence that trends east-west from Thunder Bay, but which becomes southwesterly in the property area. The belt is bounded to the north by the Quetico metasedimentary series, and to the south by large felsic intrusive complexes.

The geology of Moss township (Maps 1, 2 & 3 appended) has been summarized by Osmani (1993) as follows:

“Moss Township is underlain by Archaean rocks of the Wawa and Quetico Subprovince. The supracrustal rocks, which form part of the Shebandowan greenstone belt (SGB) of the Wawa Subprovince, occur in the southeast half of the township. The SGB is composed of three mafic to intermediate metavolcanic belts (northern, central and southern belts) and an intermediate to felsic central metavolcanic belt. The mafic to intermediate composition, northern, central and southern belts, chiefly consist of massive and pillowed flows and fragmental rocks (pillow breccia, tuff, lapilli tuff and tuff breccia). The central, intermediate to felsic, metavolcanic belt consists of massive (fine grained to aphanitic) porphyritic and autobrecciated flows, and other fragmental rocks (tuff, lapilli tuff, tuff and pyroclastic breccia). Ironstone units form a relatively minor but widely distributed component in mafic to intermediate metavolcanic successions and, in some cases, they occur at the interface between the mafic and felsic metavolcanic units. The Quetico Metasedimentary Belt (QSB) consisting of massive to thinly bedded metawacke, and minor thinly bedded to finely laminated metasilstone occupies the northwestern half of the township.

Intruding the SGB and QSB are large and small sills, dikes and stock-like bodies of gabbro, diorite, feldspar and quartz-feldspar porphyries, and four relatively late, composite granitoid stocks (the Moss lake, Hood Lake, Hermia Lake and Obadinaw stocks).

The regional metamorphic grade is lower greenschists facies, except proximal to the large granitoid stocks where it is upgraded to upper greenschist to amphibolite facies.

Stratigraphic younging directions obtained from graded and rare cross bedding in QSB, and pillowed, interflow metasedimentary and pyroclastic units within the SGB suggest younging is predominantly to the Northwest. However, southeast facing younging directions, relatively common in QSB and less common in SGB suggest the presence of small and large-scale folds in both series of rocks. Numerous isoclinal folds of S, Z, and M symmetry occur in both SGB and QSB.

Several large-scale, northeast to east-northeast and northwest-striking, steeply dipping, ductile to brittle shear zones cut all major rock types in the map area. Movement on northeast to east-northeast-trending shear zones are predominantly sinistral, and dextral sense is generally recorded in northwest-trending faults and shear zones.”

## **7.0 Deposit Types**

The past-producing Ardeen Mine (29,948 oz gold at a grade of 0.21 opt Au) lies on the property. It is a structurally controlled, vein type deposit carrying visible gold and associated pyrite and base metal sulphides in quartz veins associated with the Ardeen fault and 1<sup>st</sup> and 2<sup>nd</sup> order splays off the fault.

According to Archibald (1997), the orebody was mined from two parallel quartz vein systems carrying pyrite and base metal sulphides and occasional free gold. The orebody dipped steeply to the north (70 degrees) changing to flatly to the south (50-70 degrees) with depth (below the 800 foot level). The main mined section plunges at 30 to 45 degrees to the east with gold zones averaging 0.6 to 1.1 meters in width. The ore zone extends to 340 m deep and laterally to 760 meters (at the 375 foot level which extends to the southwest of Shaft # 2 for 450 m to the area of Lines 7 and 8W). Wider zones with increased gold values are reported to occur at depth.

Mining was concentrated in the Ardeen Fault, which bends in the vicinity of Shaft # 2. The main part of the ore zone is thought to be within one or more splay-structures located to the east of Shaft # 2, on the south side of the Ardeen Fault and that gold values decreased or fluctuated widely in the Ardeen Fault further to the northeast. Pele's drilling has confirmed narrow gold-bearing veins carrying free-gold, associated with the Ardeen Fault up to at least 500 meters northeast of the shaft.

The former Coldstream Mine (production of 104 M lbs Cu at 1.95 %), the East Coldstream zone (6 M tons at 0.04 opt Au) and the Moss Lake deposit (60 M tons at 0.032 oz/t Au) are all located adjacent or within 10 kilometers of the property. These deposits are described in section 14.0 Adjacent Properties.

## 8.0 Mineralization

Earlier work has identified a number of gold-bearing zones with many of the zones coincident with or adjacent to, weak to moderate intensity magnetic and electromagnetic anomalies. The deposits that are associated with iron formation usually show a strong magnetic response however the gold is found in en echelon and crosscutting quartz veins with sulphides, with the iron formation thought to represent a good host due to its physical (brittleness) and chemical (iron rich) nature.

The Moss Lake deposit, the closest to the property, shows no airborne EM response.

The gold mineralization in the southern half of the property is usually found in pyritic, occasionally chalcopyrite bearing, albitized, sericitized, chloritized, often sheared and silicified veins and stringers in diorite and felsic to intermediate flows and tuffs.

Osmani (1993) characterized the mineralization in Moss township as follows:

“Gold, which is associated with sulphides, occurs in the following associations:

- 1) Quartz (+/- carbonate) veins which are emplaced along subparallel sets of northeast and east-northeast-striking ductile shear zones (e.g. Ardeen Mine, Minoletti Pits, Beaver Zone, Fisher occurrence).
- 2) Along mineralized, ductile to brittle shear zones and associated fractures in the central felsic metavolcanic unit, and in diorite to gabbro and feldspar porphyry bodies emplaced within intermediate to felsic metavolcanic rocks (e.g. Snodgrass, Span Lake, Pearce Lake areas)
- 3) Deformed (folded and / or sheared) sulphide-bearing ironstone units (e.g. southwest of Pearce Lake and in the Ardeen Mine area (e.g. Fisher etc.). Minor base-metal (Cu, Zn, and Pb) is generally associated with the gold mineralization”.

The descriptions of the various gold zones are summarized from Archibald, 1997.

The Fisher zone (Map 4 appended) lies in the hanging wall in a mafic volcanic (basalt) unit, on the south side of a sheared iron formation. The zone averages 14.34 g/t over 2.25 meters near the splay from the fault and 42.9 g/t over 1.7 meters away from the fault. The length of the zone is 30 to 50 meters. The extension to the zone has been intersected by hole 97-35, 200 meters to the east, where values averaging 8.32 g/t over 3.0 meters (including 17.6 g/t over 0.6 meters) were intersected. A drill hole along the H-1 claim boundary, gave a value of 75.26 g/t over 4.88 meters.

The Trench 1 to 3 zones are located to the east of the Ardeen Mine workings and to the south of the Ardeen fault. The strongest zone, Trench 2, gives values from 14.1 to 22.4 g/t Au over widths of 1 to 2.9 meters. It averages 0.37 meters in width on surface and 1.65 meters at depth and was tested over a 250 meter strike length and to approximately 125 meters vertical. It occurs in pillowed mafic metavolcanic (basalt) units in contact with a felsic metavolcanic (rhyolite - altered feldspar porphyry) unit. It appears to dip steeply at 80 degrees south to 80 degrees north and is made up of a number of shear-controlled veins which splay and converge. At least two major splays are associated with the area, with the higher values associated with the junction of the splays with the main vein. The west side of the Trench 1, along the 1-H boundary, gives values averaging 33.4 g/t over 0.81 meters, although at surface the vein averages 0.46 meters or less and gives discontinuous values probably due to the nugget effect. This zone can be traced for at least 275 meters to the Ardeen Fault. The Trench 1 zone, dips steeply (80 degrees to the north), and is associated with shearing in the mafic metavolcanics (basalts), close to the contact with a felsic metavolcanic (tuff) unit. The main values in this zone are associated with a splay from the main vein system.

Deep holes were drilled to test the Ardeen Fault at depth under the mine workings and along the extensions of the presumed plunge to the northeast. The hole under the mine workings missed the intended target as the hole turned west and steepened. Two holes drilled approximately 350 meters to the northeast of the mine workings intersected 12.58 g/t Au over 0.43 meters and 1.11 g/t Au over 2.2 meters in the north contact area of the Ardeen Fault at approximately 450 m vertical.

The Pele Zone has given surface values as high as 122.5 g/t Au over 0.8 meters. A 130 meter section of the trench, between Lines 7 and 8 W, averages 9.25 g/t Au (uncut) over 1.58 meters. Drilling in the area has given values from 3.7 to 12.5 g/t Au over 0.60 to 1.8 meters. The Pele North zone has been traced over a strike length of 140 meters but has given significant values over a 400 meter strike length (L19+00 – 23+00 W). Values as high as 12.5 g/t Au (average 5.16 g/t) were located in a quartz vein system averaging 0.94 meters in width. The highest values are found in grey quartz with galena and chalcopyrite. A mineralized zone, 600 meters to the south of, but paralleling the Fisher Zone, gives values up to 44.3 and 24.0 g/t on Lines 3+00 W and 10+00 W. This zone which has a coincident IP response, is associated with a galena-rich quartz vein system along the contact area of a gabbro.

## **9.0 Exploration**

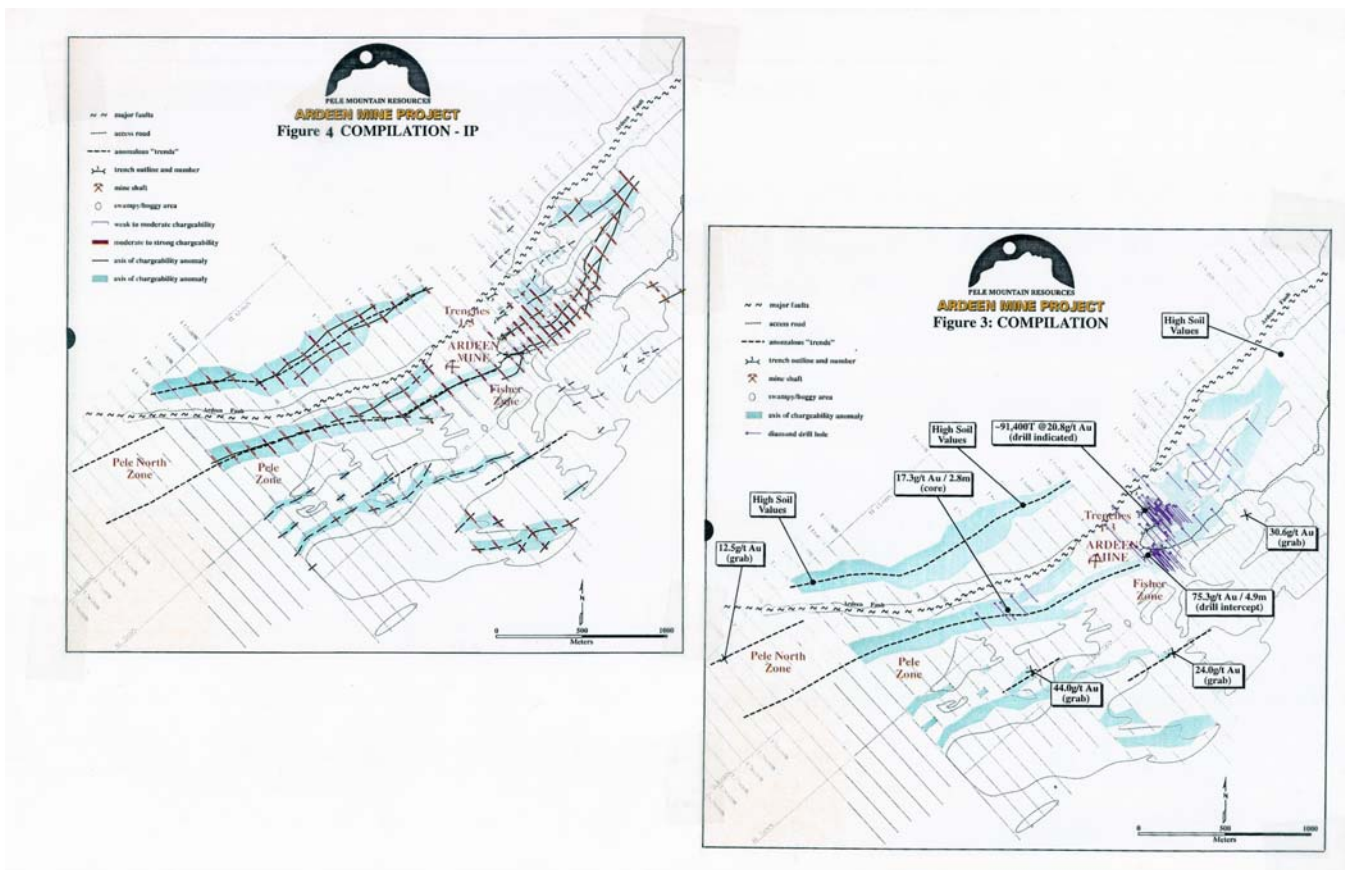
Pele Mountain acquired the ground in 1996 and carried out a major exploration program in the period from 1996 to 1998, mainly in the central portion of the group, centred on the Ardeen Mine and its extensions to the east and west (Figures 3 & 4). This systematic exploration program included line cutting, geological mapping and prospecting, ground geophysics (VLF-EM, magnetics and IP), soil and till sampling, stripping, trenching, washing and sampling and eight diamond drilling programs totalling 12,452 meters in one hundred and twenty eight BQ to HQ drill holes plus 25 X-ray (AXT) holes. Most of the work was concentrated on gold bearing shear zones to the southeast of the mine including the Fisher and zones 1 and 2 and known zones

to the west along trend including the Pele (formerly McKellar Pits), Minoletti and Beaver zones. These programs are summarized in the Archibald reports listed in Section 20.0 - References.

Induced polarization surveys, (in conjunction with rock sampling, till sampling, magnetometer, and VLF-EM surveys), indicated nineteen sulphide-silica related anomalies in a 2900 meter zone along the Ardeen Deformation Zone.

Six of these zones, all with significant gold values, were followed up with surface stripping and diamond drilling. Most of the anomalous zones carry sulphides with associated silica (quartz). Several of these zones have significant widths, strike lengths and grades and some are offset splays from the Ardeen Fault. They generally occur in sheared mafic metavolcanics, bounded by iron formation, feldspar porphyry, and gabbro, all favourable host rocks for gold mineralization.

This exploration primarily focussed on high grade mineralization typical of the Ardeen deposit. These zones can be characterized as narrow shear zones crosscutting volcanic and chemical sediments such as chert and iron formation. Significant results were obtained in the drill programs carried out by Pele.



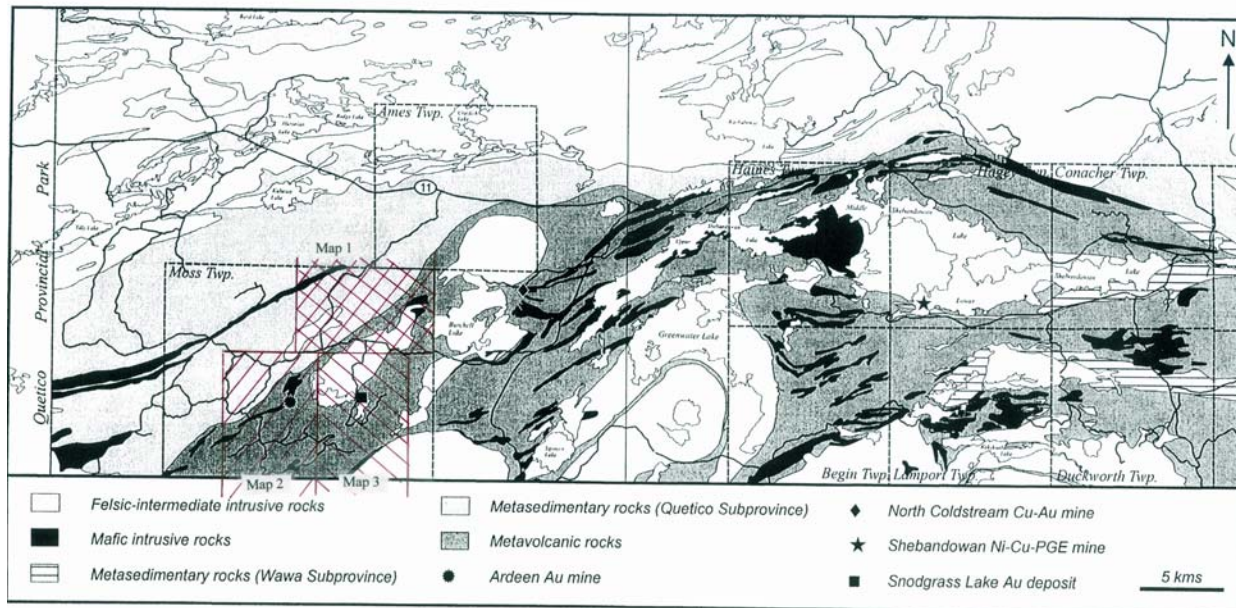


Figure 5: Regional Bedrock Geology (from OGS, open file report # 6012)

## **10.0 Diamond Drilling**

Eight diamond drilling programs were completed by Pele during the course of the exploration program from 1996 to 1998. A total of 12,459 meters in 128 BQ to HQ holes plus 25 X-Ray holes at AXT size were drilled to delineate six different mineralized zones on the Ardeen Mine property. The zones tested were: Pele, Fisher, Trenches 1, 2, and 3 and the Ardeen Fault to the northeast of the mine workings. Other drilling on the property and in the area, prior to Pele's acquisition, is summarized in the History of Exploration section.

## **11.0 Sampling Method and Approach**

Pele's sampling method was a combination of grab, chip and channel sampling of surface showings followed by diamond drilling and sawing / splitting of the drill core for representativeness. Grab samples were taken when "new" or rediscovered mineralization was first located to give a general idea of the grade of the mineralization. These samples were invariably "selected" by the inclusion of the best and strongest mineralization noted. Significant results were followed up by either representative chip sampling, if the mineralization was well exposed, or more likely stripping, trenching and washing to expose the zone followed by diamond saw cutting and channel sampling in a representative fashion across the zones. Significant mineralized zones carrying gold values were invariably followed up by drilling programs to give an idea of the depth extent of the mineralization.

## **12.0 Sample Preparation, Analysis and Security**

All samples were bagged, labelled and then cross referenced using a sample assay book, with one part of the assay tag placed in each bag. Reference samples were taken from all grab samples.

The samples were periodically bagged up and shipped to various accredited analytical laboratories, mostly in the Thunder Bay area, by truck using Pele contractor's personnel. Samples were analysed for gold by fire assay and other elements using an ICP technique. Check assaying was carried out. This confirmed the original assay values.

### **13.0 Data Verification**

All information studied in the assessment work files and / or in possession of Pele Mountain Resources Inc, appears to have been generated utilizing proper procedures.

The authors have made a concerted effort to accurately transcribe the information evaluated. This information included: geological, geophysical and geochemical surveys, sampling, trenching, diamond drilling, analytical testing, assaying, mineralogical reports, preliminary metallurgical reports and all other reports that were generated from activities on the property.

The quality assurance program and quality control measures applied during the execution of the work completed on the property appears to have followed the industry standards at that time.

An independent review of sampling and assaying practices on the property was carried out by Roscoe Postle Associates Inc. in July of 1997. Their conclusions were that:

- 1) The assaying methodology employed by Pele is reasonable and in line with industry practice.
- 2) The drilling and sampling procedures used by Pele conform to industry standards
- 3) The check sample assays confirm the presence of significant gold in the Pele core from the property.

Spiteri Geological and Mining Consultants Inc. was contracted in 1998, to provide another independent opinion on the sample preparation and core size used in the exploration work. His conclusions, based on ¼ of HQ core, which is similar in area and mass to ½ of an NQ core, were:

- 1) The study shows a “typical scatter”, although a little high, for a “vein type” gold deposit.
- 2) Drilling should utilize NQ core with one half the core sent for fire assay.
- 3) No changes need to be made to the sample preparation technique for now.

### **14.0 Adjacent Properties**

The Shebandowan greenstone belt has undergone extensive exploration for gold since the late 1800's. Many occurrences and showings have been located and a number of deposits, some with significant gold resources, have been extensively explored.

Tandem-Storimin, Noranda Exploration and subsequently Moss Lake Gold Mines (MLGM) has carried out exploration work on the Snodgrass Lake property located to the east and southeast of the Pele ground over the past 20 years. This work defined a large tonnage, low grade deposit (60,000,000 tonnes at a grade of 1.1 g/t (0.03 oz/t). The deposit is associated with shear zones in diorites/gabbros and porphyry units. MLGM explored the western extension of the Snodgrass (Moss Lake) deposit and a series of parallel to sub-parallel IP chargeability anomalies, just to the east of the southern portion of Pele's claim group, in the fall of 2002. Seven drill holes totalling 1949.5 m (6396 ft) were “fenced” across the IP zones, which are associated with disseminated

sulphides carrying gold values. This drilling extended to the east boundary of Pele's claims. A news release dated Sept. 4/02, stated that values up to 8.4 g/t over 0.49 m (1.6 ft) had been intersected.

Freewest Resources recently (November 2002) announced an option of the SunGold property located in the Powell Lake area, to the southwest of the Pele property. The outcrop showings, discovered by local prospectors on a new woods road, gave grab sample values up to 80.36 g/t (2.34 oz/t), which averaged 21.97 g/t (0.64 oz/t) from the 11 grab samples taken across a minimum width of 5 m. The showing consists of northeasterly trending quartz veins hosted in heavily sulphidized and silicified intermediate to felsic volcanic rocks, iron formation and quartz feldspar phyric porphyry sills which are highly strained. It is thought the mineralization may be controlled by the deformation associated with the northeast trending Knife Lake fault.

In December 2002, Kinross Gold / Alto Ventures Ltd. drilled along the same volcanic belt to the northeast, on the former Coldstream mine property. A resource of 7.6 M tonnes at a grade of 2 g/t (0.064 oz/t) in the Coldstream East deposit, has been published by earlier operators (Newhawk Gold Mines – 1995, based on 6138 m of diamond drilling). A seven hole drill program, totalling 1668 m, tested the East and Main zones. Best results were at the Main zone where values to 2.6 g/t (0.084oz/t) over 17.2m were intersected (Alto Ventures press release – Jan. 8, 2003).

The Span Lake gold occurrence discovered by Inco is associated with sheared porphyry and gabbro units. It has given mineralized drill intersections up to 7.4 meters long with values up to 1.29 oz/t gold.

The Burchell Lake (Newmont) gold occurrence has drill intersections of up to 0.14 oz/t with narrow widths (up to 0.9 m). It is associated with porphyry and gabbros.

## **15.0 Mineral Processing and Metallurgical Testing**

No mineral processing or metallurgical testing for gold recoveries has been carried out on the various deposits by Pele Mountain. No reports on the recoveries or process flowsheets for the Ardeen Mine deposit are available.

## 16.0 Mineral Resources and Mineral Reserves Estimates

Following the 1996-1997 diamond drilling program, a resource estimate was completed by Minescape Ltd. (Richard Murphy & Doug Hunter). The drill results were used to prepare indicated and inferred resource estimates using a sectional method for the Pele, Fisher, Fisher North, Fisher South and Trench 2 areas in 1998. The resources were based on 17 drill holes for the Pele zone; 16 drill holes for the Fisher zone; 10 drill holes for the Fisher North zone; 18 drill holes for the Trench 2 zone and 1 drill hole for the Fisher South area. The resources were calculated prior to the implementation of National Instrument 43-101 in accordance with CIM guidelines.

Following are the resources (using uncut values) as calculated by Minescape:

Zone	Indicated Tonnes	uncut Grade g/t	Width metres	Inferred Tonnes	uncut Grade g/t
Pele	31,080	8.3	1.28	240,700	8.3
Fisher	23,270	13.0	1.31	605,200	13.0
Fisher North	11,161	6.9	0.74	90,500	6.9
Fisher South	5,439	6.6	0.8	5,439	6.6
Trench 2	19,700	36.2	0.91	141,100	36.2
<b>Totals</b>	<b>90,650</b>	<b>15.3</b>		<b>1,082,939</b>	<b>14.4</b>

The resources were also calculated using values cut to 2 oz/t. These are as follows:

Zone	Indicated Tonnes	cut Grade g/t	Width metres	Inferred Tonnes	cut Grade g/t
Pele	30,441	8.0	1.28	240,700	8.0
Fisher	22,149	11.4	1.31	568,300	11.4
Fisher North	11,161	6.9	0.74	90,500	6.9
Fisher South	5,439	6.6	0.8	5,439	6.6
Trench 2	15,714	23.9	0.91	86,800	23.9
<b>Totals</b>	<b>84,904</b>	<b>11.6</b>		<b>991,739</b>	<b>11.2</b>

This work is a preliminary estimate of resources that will be the target of further exploration. Further exploration will give more certainty to the mineral resource calculations however it is uncertain if this exploration will confirm an economic mineral resource on the property. The resource on the Fisher South zone is based on one drill hole which is believed to be based on insufficient data to be representative.

## **17.0 Other Relevant Data and Information**

Not applicable.

## **18.0 Interpretation and Conclusions**

Excellent potential exists for the discovery of a high grade gold deposit on the property for the following reasons:

- 1) The presence of a favourable geological environment characterized by sheared and hydrothermally altered felsic volcanic flows and tuffs, mafic volcanics and iron formation
- 2) The presence of regional fault structures and shear zones which carry significant gold on surrounding properties such as the Moss Lake deposit;
- 3) The presence of broadly anomalous and occasionally significant gold values from diamond drilling on the various structures trending through the property.

There is also potential for large tonnage / low grade gold deposits similar to the Snodgrass-Moss Lake deposit, as the extension of the structural and geological units that host the deposit extend on to Pele's property and can be traced for 5 kilometers across it, in the southern part of the claim group. Numerous gold and copper showings are associated with these units. No diamond drilling has tested these structures.

Mafic-felsic volcanic units on the property indicate that there is also some potential for base metal mineralization which should not be overlooked.

Anomalous PGE values in till in the northern part of the property, particularly associated with the Quetico boundary, indicate some potential for PGE and Cu/Ni mineralization.

## 19.0 Recommendations

The property holds excellent potential for the discovery of a significant gold deposit(s) either a high grade or lower grade high tonnage zone. It also holds some potential for Ni/Cu/PGE and base metal deposits.

The property should be further explored as follows:

- 1) A comprehensive compilation of all existing data into a digital data base.
- 2) A regional structural synthesis to help understand the geological setting for the various deposits and showings
- 3) Targeted exploration on areas defined. It is very likely that significant target areas will arise from the compilation work.
- 4) Known targets defined by tills, rock samples etc. which remain untested should be included in the database compilation and depending upon priority, should be tested.

Respectfully submitted,

"Peter M. Dimmell"

Peter M. Dimmell, P.Geol.

February 14, 2003

"Claude P. Larouche"

Claude P. Larouche

## 20.0 References

*Alto Ventures (2002) - News Release, Jan. 8, 2003; Kinross Drill Program – Positive Results and Plans*

*Archibald, F. (1998) – Pele Mountain Resources Inc, Ardeen Mine Project, Thunder Bay, Northwestern Ontario, NTS 52 / B 10, SW-SE-NE, dated March 24, 1998; 1 Report - two volumes, 1 set DDH logs, 1 Map location DDH; Report filed - July 1998; File #2.18383 / MEI #083.*

*Archibald, F. (1998) - Moss Township, Geophysics (EM, magnetics, IP) - 1997, 1 Report, 7 Maps, 17 IP Sections, 1 Geophysical Survey Report; Report filed January 1998; File # 2.17610 / MEI #070.*

**Bajc, A. (2000)** – Results of Regional Till Sampling in the Western Part of the Shebandowan Greenstone Belt, Northwestern Ontario; Open File Report 6012, Ontario Geological Survey.

*Freewest Resources (2002) - News Release, Nov. 18, 2002; Freewest Acquires a new High grade Gold Prospect in the Powell Lake Area of Northwestern Ontario.*

*Grant, J.C. (1997) – Geophysical Report for Pele Mountain Resources Inc. on the Moss Property, Moss Township, Thunder Bay Mining Division, Northwestern Ontario, Exsics Exploration, May 1997.*

*Gow, N. (1997) – Letter Report on an Independent Review of the Assaying and Sampling Procedures used at the Moss Township Property of Pele Mountain Resources Inc., Roscoe Postle Associates Inc., July 1997*

*Harris, D. (1997) – Structural Controls on Gold Mineralization Adjacent to the Ardeen Mine in NW Ontario, for Pele Mountain Resources Inc., EHW Geoscience Consultants Limited; November 1997.*

**Hunter, D., Murphy, R. (1998)** – Resource Estimation of the Ardeen Mine Property, Thunder Bay Mining Division, Ontario by Minescape Exploration Inc. for Pele Mountain Resources Inc., dated August 5, 1998.

*Moss Lake Gold Mines Ltd. (2002) - News Release, Sept. 4, 2002; Moss Lake Gold Mines Announces Drilling Results.*

*Osmani, I (1993) - Geology and Mineral Potential of Moss Township, District of Thunder Bay, Ontario Geological Survey, Open File Report 5865.*

*Spiteri, J. (1998) – Letter Report on Geostatistical Analysis of Sampling Procedure – Ardeen Mine Project, unpublished report for Pele Mountain Resources Inc., Spiteri Geological and Mining Consultants Inc., 1998.*

## 21.0 Certificates of Qualifications

Claude P. Larouche

President

Ovalbay Geological Services Inc.

385 Riviera Drive

Thunder Bay, Ontario, P7B 6K2

Tel:(807) 767-0445 Fax: (807) 767-0490

### **This is to certify that:**

- I am resident at 385 Riviera drive, Thunder Bay, Ontario for 12 years.
- I am a graduate geological engineer from Universite du Quebec a Chicoutimi, in December 1974 with a BSc. Eng. and a Masters degree in Geology from Carleton University, Ottawa, ON, in September 1979.
- I have practiced my profession during the summers as a student from 1972 to 1978. Acted as junior geologist up to party chief.
- I have worked full time, from May 1978 to December 1980, as a senior geologist for Goldfields Canada and later as director of exploration for Brominco Inc. (now Aur Resources Inc.).
- I became a consulting geologist in December 1980, operating through wholly-owned private companies: Ovaltex Inc. in Quebec and Ovalbay Geological Services Inc. through North America, principally in Ontario.
- From 1996 to 2002, I was involved as a director and officer in Junior mining companies such as International Capri Resources (1996 to 1998). I founded and participated in all phases of the listing of a junior mining company - Landore Resources Inc. I am a director of Landore Resources Inc.
- From July 2002 to the present, I have been a geologist/consultant with my wholly-owned company, Ovalbay Geological Services Inc. I specialize in all phases of exploration from geochemical, geophysical and geological surveys, diamond drill supervision and core logging, to compilation and evaluation reports.
- I was a member of OIQ (Order of Engineer of the Province of Quebec) from 1982 to 1994. A reinstatement to the OIQ is in progress.
- I have recently applied to become a member of the Association of Professional Geoscientists of Ontario (APGO).
- The property that is the subject of this report has been visited recently (summer and fall of 2002 and winter of 2003). I have also worked on the property intermittently during the period 1990 to 1996 carrying out geological mapping, diamond drilling and compilation work.
- I was involved in preparing and writing the technical report under the supervision of Peter Dimmell, P.Geo., the Qualified Person for Pele Mountain Resources Inc.
- I am not aware of any material fact or material change with respect to the subject matter of the technical report which is not reflected in the technical report.

- I do not have any interest, directly or indirectly, or expect to hold any interest either directly or indirectly in the stock of the company or its mining properties.

- I have read the Instrument and Form 43-101F1 and the technical report has been prepared in compliance with this Instrument and Form 43-101F1

Signed

Dated in Thunder Bay:

"Claude P. Larouche"

February 14, 2003

Peter M. Dimmell, P.Geol.

Exploration Consultant  
56 Carpasian Road,  
St. John's, NL.  
A1B 2R2  
Tel: (709) 739-5608  
Fax: (709) 7390761

**This is to certify that:**

- 1) I am a mineral exploration consultant residing at 56 Carpasian Road., St. John's, NF.
- 2) I have practised my profession as an exploration geologist continuously since 1969 as a project and district geologist with Noranda Exploration Company, Limited until 1986, as a consulting geologist for Lacana Mining Corporation and Corona Corporation from 1986-1989, as Regional Geologist for Corona Corporation and International Corona Corporation from 1989 to 1992 and as an exploration consultant since then. I am a graduate of the University of New Brunswick with a BSc degree, major in Geology, completed in 1986.
- 3) I am a registered Professional Geoscientist (P.Geol.) and a former councillor of the Association of Professional Engineers and Geoscientists of Newfoundland, a Fellow of the Geological Association of Canada, a member of the Canadian Institute of Mining, Metallurgy, and Petroleum, a member, director and first VP of the Prospectors and Developers Association of Canada and an affiliate member of the Association of Exploration Geochemists.
- 4) This report is based on a personal knowledge of geology of the area gained \_\_\_\_\_, in my capacity as supervisor and qualified person on Pele's work carried out in the Ardeen Mine area. This work entailed site visits, vetting of consultants reports on the work carried out, study of assessment and governmental reports on the area, which are listed in the references, and discussions with geologists, both in industry and government, who have worked in the area.
- 5) I have expertise in the evaluation (exploration/development) of structurally related gold deposits to fairly report on the potential of the property. This expertise was gained in my work experience with Noranda Exploration, Lacana/Corona /International Corona, and Ming Minerals Inc. in the Atlantic Provinces and as an exploration consultant in the Atlantic Provinces, and Ontario. I have travelled extensively within Canada and the US on field trips to "type" deposit areas such as the Hemlo area, North and South Carolina (Carolina Slate belt), Nevada and shear hosted gold deposits in Ontario.
- 6) I am not aware of any material fact or material change with respect to the subject matter of the technical report which is not reflected in the technical report.
- 7) I have read the Instrument and Form 43-101F1. The technical report has been prepared in compliance with this Instrument and Form 43-101F1.

8) I have a direct interest in the securities of Pele Mountain Resources Inc. as a director and shareholder. I do not have any direct or indirect interest in the property which is the subject of this report.

9) In my professional opinion the property which is the subject of this report should be considered one of merit and further exploration, as described in the proposed work program, is warranted.

10) I was the senior author of the technical report working with Claude Larouche, P.Eng. as the other author. As senior author and the “qualified person”, and as a member of the Association of Engineers and Geoscientists of Newfoundland, I accept full responsibility for the contents of this report including the conclusions and recommendations.

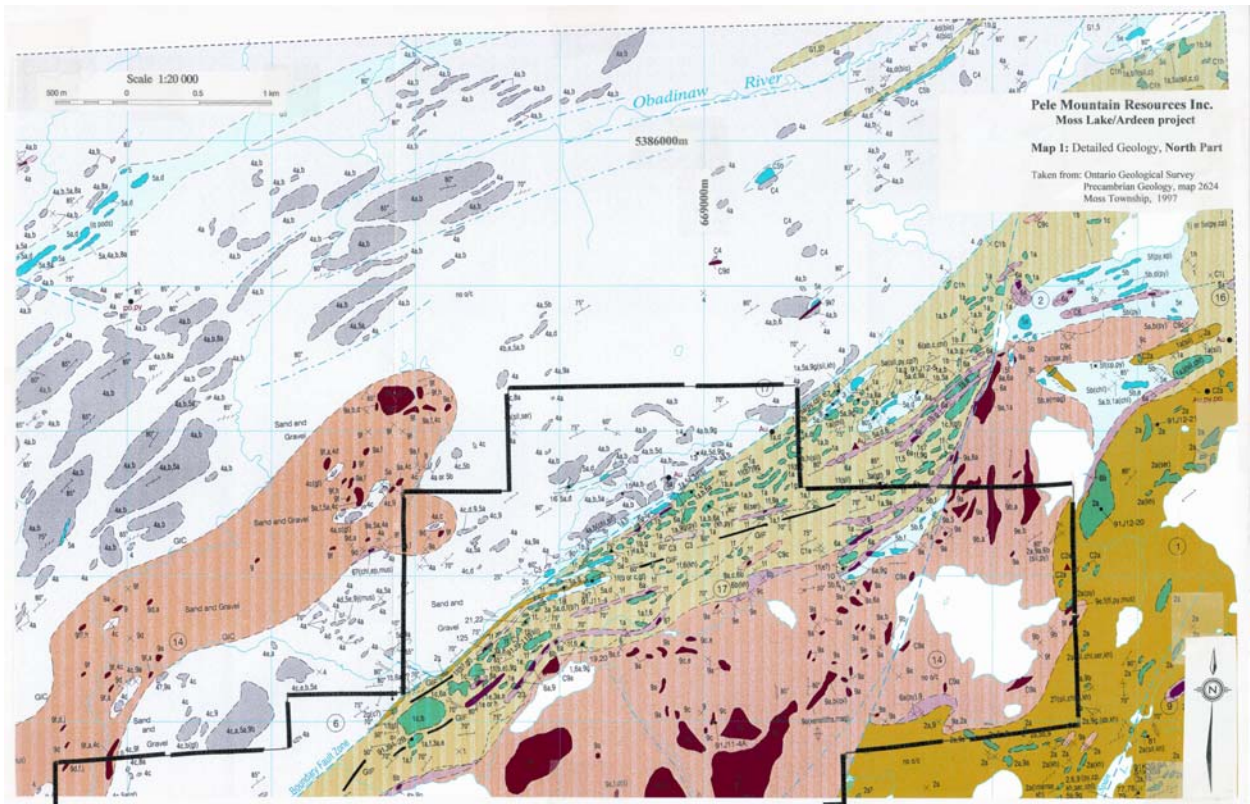
Dated this 14th day of February, 2003 at St. John's, NF.

"Peter M. Dimmell"

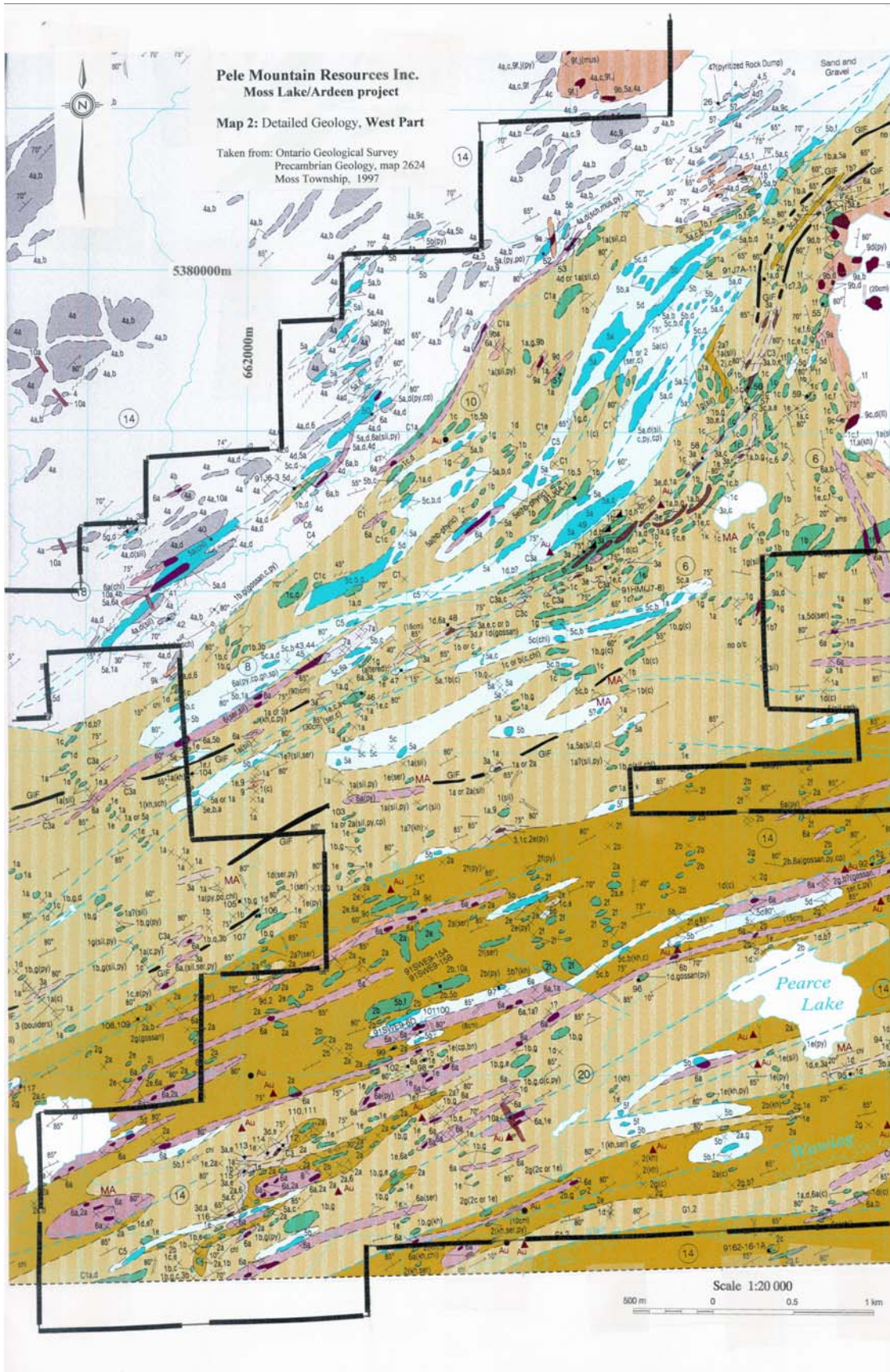
Peter M. Dimmell, BSc., P.Geo.,F.G.A.C.

# APPENDIX – MAPS – DETAILED GEOLOGY

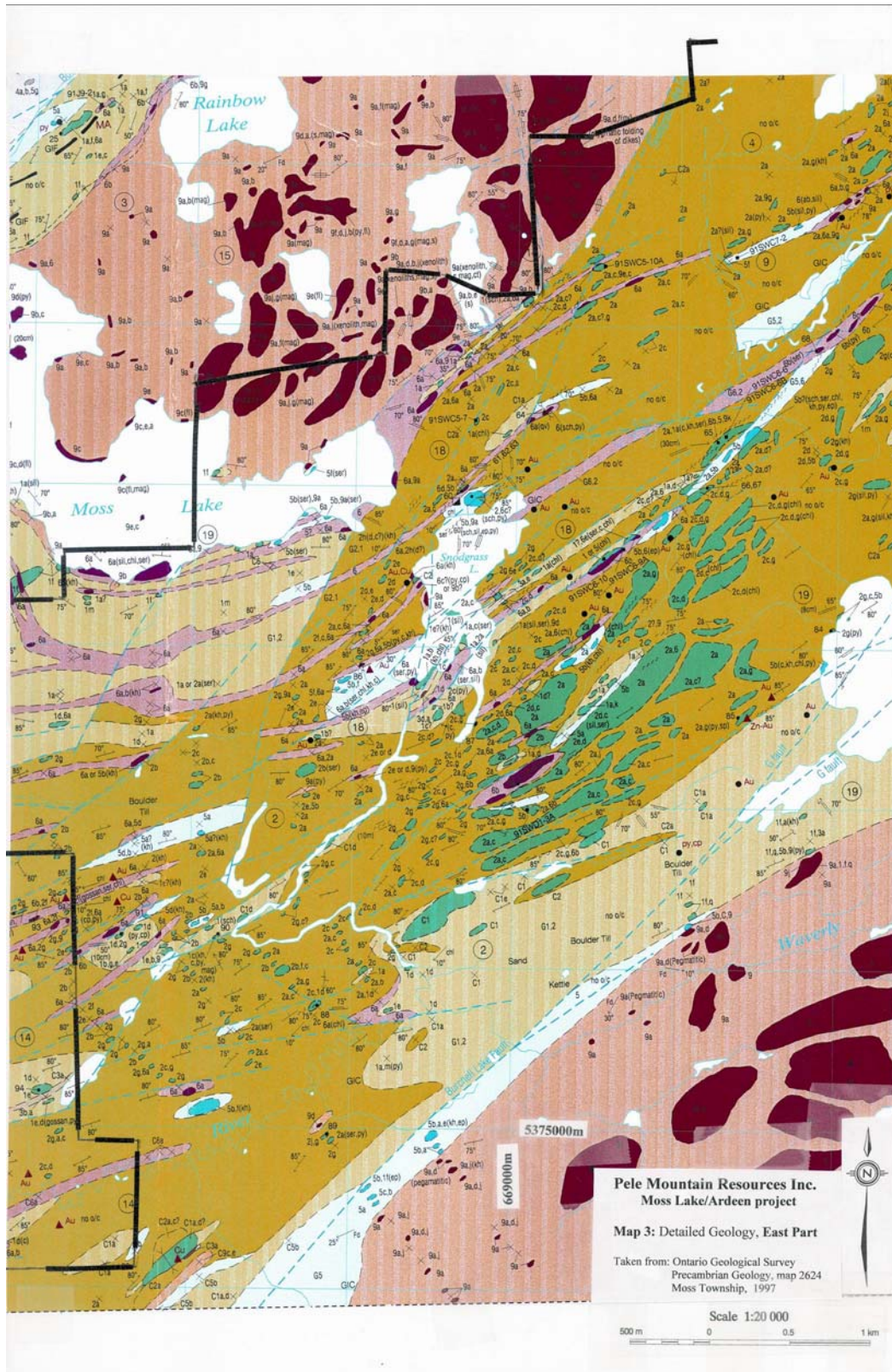
## MAP 1 – NORTH PART



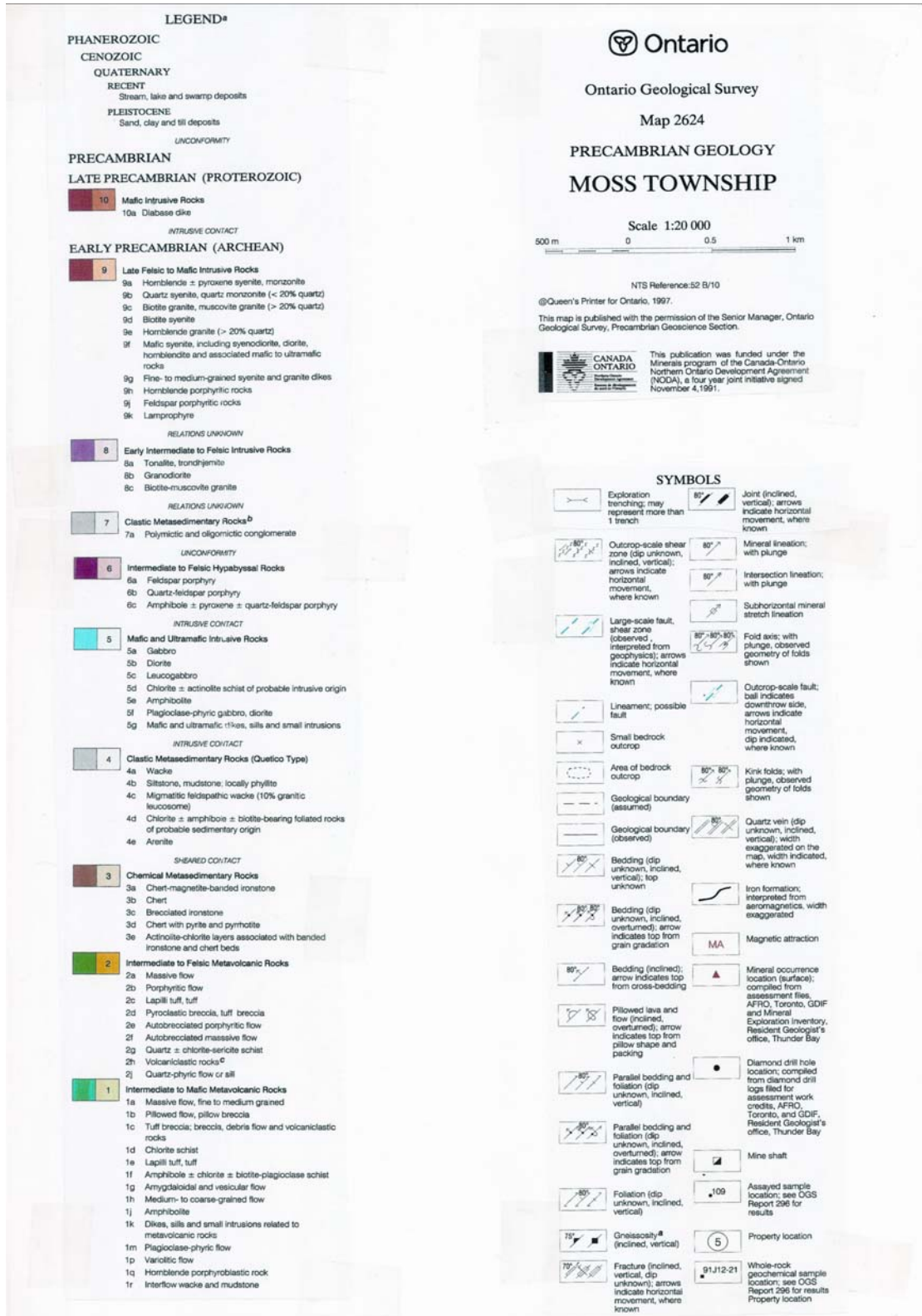
# MAP 2 – WEST PART



**MAP 3 – EAST PART**



# LEGEND



## MAP 4 – STRUCTURES AND MINERALIZED ZONES

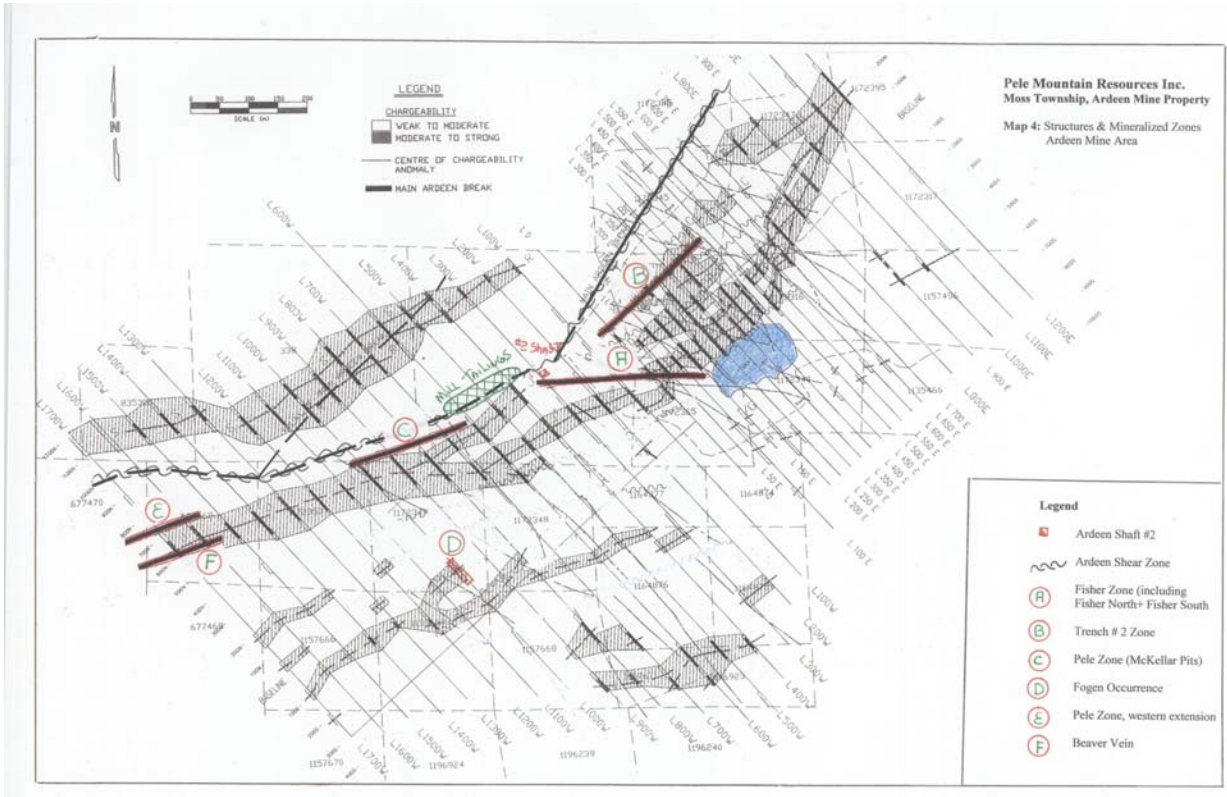


TABLE 1

**List of Mining Claims Comprising the Ardeen Mine Project**

*Unpatented Mining Claims*

TWP/ AREA	Claim Number	Recording Date	Claim Due Date	# of Units	Percent Option	Work Required	Total Applied	Total Reserve	Claim Bank
MOSS	TB 1022635	1997-FEB-06	2004-FEB-06	3	100	72	7128	0	0
MOSS	TB 1022636	1997-JAN-27	2004-JAN-27	3	100	1200	6000	0	0
MOSS	TB 1022637	1997-JAN-27	2004-JAN-27	2	100	800	4000	0	0
MOSS	TB 1135465	1990-NOV-05	2005-NOV-05	1	100	400	5200	0	0
MOSS	TB 1135466	1990-NOV-05	2005-NOV-05	1	100	400	5200	0	0
MOSS	TB 1157496	1990-NOV-05	2005-NOV-05	1	100	400	5200	0	0
MOSS	TB 1157497	1990-NOV-05	2005-NOV-05	1	100	400	5200	0	0
MOSS	TB 1157666	1990-NOV-06	2007-NOV-06	1	100	400	6000	0	0
MOSS	TB 1157667	1990-NOV-06	2007-NOV-06	1	100	400	6000	0	0
MOSS	TB 1157668	1990-NOV-06	2007-NOV-06	1	100	400	6000	2	0
MOSS	TB 1157670	1990-NOV-06	2005-NOV-06	1	100	400	5200	0	0
MOSS	TB 1157671	1990-NOV-06	2007-NOV-06	1	100	400	6000	0	0
MOSS	TB 1164874	1990-OCT-31	2007-OCT-31	1	100	400	6000	0	0
MOSS	TB 1164875	1990-OCT-31	2007-OCT-31	1	100	400	6000	0	0
MOSS	TB 1164876	1990-OCT-31	2007-OCT-31	1	100	400	6000	0	0
MOSS	TB 1164877	1990-OCT-31	2007-OCT-31	1	100	400	6000	0	0
MOSS	TB 1172315	1990-OCT-31	2007-OCT-31	1	100	400	6000	268057	0
MOSS	TB 1172316	1990-OCT-31	2007-OCT-31	1	100	400	6000	2355	0
MOSS	TB 1172317	1990-OCT-31	2005-OCT-31	1	100	400	5200	0	0
MOSS	TB 1172340	1990-NOV-02	2007-NOV-02	1	100	400	6000	0	0
MOSS	TB 1172345	1990-OCT-31	2007-OCT-31	1	100	400	6000	401	0
MOSS	TB 1172346	1990-OCT-31	2007-OCT-31	1	100	400	6000	0	0
MOSS	TB 1172347	1990-OCT-31	2005-OCT-31	1	100	400	5200	0	0
MOSS	TB 1172348	1990-OCT-31	2007-OCT-31	1	100	400	6000	0	0
MOSS	TB 1172349	1990-OCT-31	2007-OCT-31	1	100	200	6200	0	0
MOSS	TB 1172350	1990-OCT-31	2007-OCT-31	1	100	400	6000	1013	0
MOSS	TB 1172355	1990-OCT-31	2005-OCT-31	1	100	400	5200	0	0
MOSS	TB 1172356	1990-OCT-31	2004-OCT-31	1	100	400	4800	0	0
MOSS	TB 1172365	1990-OCT-31	2007-OCT-31	1	100	160	6240	40677	0
MOSS	TB 1172366	1990-NOV-01	2003-NOV-01	1	100	13	4787	0	0
MOSS	TB 1172367	1990-NOV-01	2004-NOV-01	1	100	400	4800	0	0
MOSS	TB 1172368	1990-NOV-01	2004-NOV-01	1	100	356	4844	0	0
MOSS	TB 1172369	1990-NOV-01	2003 NOV-01	1	100	400	4400	0	0
MOSS	TB 1172375	1990-OCT-31	2004-OCT-31	1	100	400	4800	0	0
MOSS	TB 1172385	1990-OCT-31	2005-OCT-31	1	100	400	5200	1368	0
MOSS	TB 1172386	1990-OCT-31	2005-OCT-31	1	100	400	5200	700	0
MOSS	TB 1172387	1990-NOV-01	2003-NOV-01	1	100	400	4400	0	0
MOSS	TB 1172388	1990-NOV-01	2003-NOV-01	1	100	400	4400	0	0
MOSS	TB 1172395	1990-OCT-31	2005-OCT-31	1	100	400	5200	0	0
MOSS	TB 1172396	1990-OCT-31	2005-OCT-31	1	100	400	5200	17	0
MOSS	TB 1195937	1992-JUL-22	2007-JUL-22	1	100	400	5200	2735	0
MOSS	TB 1195940	1992-JUL-22	2007-JUL-22	1	100	400	5200	0	0
MOSS	TB 1196147	1993-OCT-04	2003-OCT-04	4	100	1600	12800	0	0
MOSS	TB 1196239	1994-APR-19	2004-APR-19	2	100	800	6400	0	0
MOSS	TB 1196240	1994-APR-19	2004-APR-19	4	100	1600	12800	0	0
MOSS	TB 1196870	1996-NOV-01	2005-NOV-01	12	100	4790	33610	0	0

TWP/ AREA	Claim Number	Recording Date	Claim Due Date	# of Units	Percent Option	Work Required	Total Applied	Total Reserve	Claim Bank
MOSS	TB 1196921	1994-MAR-14	2005-MAR-14	4	100.00 %	1600	14400	0	0
MOSS	TB 1196923	1994-OCT-05	2007-OCT-05	1	100.00 %	400	4400	0	0
MOSS	TB 1196924	1994-NOV-02	2005-NOV-02	1	100.00 %	400	3600	0	0
MOSS	TB 1202036	1994-JAN-12	2004-JAN-12	4	100.00 %	1600	12800	0	0
MOSS	TB 1202264	1994-AUG-11	2003-AUG-11	2	100.00 %	800	5600	0	0
MOSS	TB 1202265	1994-AUG-11	2003-AUG-11	2	100.00 %	800	5600	0	0
MOSS	TB 1202302	1994-SEP-16	2003-SEP-16	6	100.00 %	2400	16800	0	0
MOSS	TB 1205201	1994-DEC-06	2004-DEC-06	1	100.00 %	400	3200	0	0
MOSS	TB 1205202	1994-DEC-06	2004-DEC-06	1	100.00 %	400	3200	0	0
MOSS	TB 1205203	1994-DEC-06	2004-DEC-06	1	100.00 %	400	3200	0	0
MOSS	TB 1205204	1994-DEC-06	2004-DEC-06	2	100.00 %	800	6400	0	0
MOSS	TB 1205287	1995-SEP-27	2004-SEP-27	2	100.00 %	800	5600	177	0
MOSS	TB 1209440	1994-DEC-13	2004-DEC-13	2	100.00 %	800	6400	0	0
MOSS	TB 1209441	1994-DEC-13	2005-DEC-13	2	100.00 %	800	7200	0	0
MOSS	TB 1209470	1994-AUG-23	2003-AUG-23	4	100.00 %	1600	11200	0	0
MOSS	TB 1209697	1995-AUG-30	2004-AUG-30	1	100.00 %	400	2800	0	0
MOSS	TB 1209698	1996-AUG-06	2004-AUG-06	10	100.00 %	4000	24000	0	0
MOSS	TB 1209770	1996-JAN-16	2004 JAN-16	2	100.00 %	800	4800	0	0
MOSS	TB 1210243	1996-APR-24	2004-APR-24	2	100.00 %	800	4800	0	0
MOSS	TB 1210245	1996-APR-29	2004-APR-29	3	100.00 %	800	7200	0	0
MOSS	TB 1210776	1996-AUG-14	2003-AUG-14	3	100.00 %	1200	6000	0	0
MOSS	TB 1210792	1996-OCT-25	2004-OCT-25	11	100.00 %	4400	26400	0	0
MOSS	TB 1215147	1996-NOV-04	2004-NOV-04	10	100.00 %	4000	24000	0	0
MOSS	TB 1215148	1996-NOV-04	2004 NOV-04	1	100.00 %	400	2400	0	0
MOSS	TB 1215149	1996-NOV-04	2004 NOV-04	2	100.00 %	800	4800	0	0
MOSS	TB 1215450	1996-AUG-14	2003-AUG-14	2	100.00 %	800	4000	0	0
MOSS	TB 1215451	1996-AUG-14	2003-AUG-14	8	100.00 %	3200	16000	0	0
MOSS	TB 1215452	1996-AUG-14	2003-AUG-14	8	100.00 %	3200	16000	0	0
MOSS	TB 1215453	1996-AUG-14	2003-AUG-14	15	100.00 %	6000	30000	0	0

TWP/ AREA	Claim Number	Recording Date	Claim Due Date	# of Units	Percent Option	Work Required	Total Applied	Total Reserve	Claim Bank
MOSS	TB 1215454	1996-AUG-14	2003-AUG-14	10	100.00 %	4000	20000	0	0
MOSS	TB 1215751	1996-NOV-04	2004-NOV-04	1	100.00 %	400	2400	0	0
MOSS	TB 1215752	1996-NOV-04	2004-NOV-04	4	100.00 %	1600	9600	0	0
MOSS	TB 1215758	1996-DEC-13	2004-DEC-13	1	100.00 %	400	2400	0	0
MOSS	TB 1215760	1997-MAY-06	2004-MAY-06	3	100.00 %	1200	6000	0	0
MOSS	TB 1215831	1996-NOV-08	2004-NOV-08	2	100.00 %	800	4800	0	0
MOSS	TB 1215859	1996-NOV-25	2004-NOV-25	1	100.00 %	400	2400	0	0
MOSS	TB 1217105	1996-DEC-13	2003-DEC-13	1	100.00 %	400	2000	0	0
MOSS	TB 1224629	1994-AUG-11	2003-AUG-11	2	100.00 %	800	5600	0	0
MOSS	TB 3001505	2002-FEB-07	2004-FEB-07	11	100.00 %	4400	0	0	0
MOSS	TB 3001506	2002-FEB-07	2004-FEB-07	4	100.00 %	1600	0	0	0
MOSS	TB 3001507	2002-FEB-07	2004-FEB-07	2	100.00 %	800	0	0	0
MOSS	TB 677468	1983-JAN-25	2007-JAN-25	1	100.00 %	400	9200	0	0
MOSS	TB 677469	1983-JAN-25	2007-JAN-25	1	100.00 %	400	9200	4143	0
MOSS	TB 677470	1983-JAN-25	2007-JAN-25	1	100.00 %	400	9200	0	0
MOSS	TB 677471	1983-JAN-25	2007-JAN-25	1	100.00 %	380	9220	0	0
MOSS	TB 677472	1983-JAN-25	2005-JAN-25	1	100.00 %	400	8400	0	0
MOSS	TB 677473	1983-JAN-25	2005-JAN-25	1	100.00 %	400	8400	0	0
MOSS	TB 677474	1983-JAN-25	2005-JAN-25	1	100.00 %	400	8400	0	0
MOSS	TB 677475	1983-JAN-25	2005-JAN-25	1	100.00 %	400	8400	0	0
MOSS	TB 677476	1983-JAN-25	2005-JAN-25	1	100.00 %	400	8400	0	0
MOSS	TB 677477	1983-JAN-25	2005-JAN-25	1	100.00 %	400	8400	0	0
MOSS	TB 677478	1983-JAN-25	2005-JAN-25	1	100.00 %	400	8400	0	0
MOSS	TB 677479	1983-JAN-25	2005-JAN-25	1	100.00 %	400	8400	0	0
MOSS	TB 786521	1984-JUN-08	2004-JUN-08	1	100.00 %	400	7600	0	0
MOSS	TB 786522	1984-JUN-08	2004-JUN-08	1	100.00 %	400	7600	0	0
MOSS	TB 786523	1984-JUN-08	2004-JUN-08	1	100.00 %	400	7600	0	0
MOSS	TB 786524	1984-JUN-08	2004-JUN-08	1	100.00 %	400	7600	0	0
MOSS	TB 786525	1984-JUN-08	2004-JUN-08	1	100.00 %	400	7600	0	0

<b>TWP/ AREA</b>	<b>Claim Number</b>	<b>Recording Date</b>	<b>Claim Due Date</b>	<b># of Units</b>	<b>Percent Option</b>	<b>Work Required</b>	<b>Total Applied</b>	<b>Total Reserve</b>	<b>Claim Bank</b>
MOSS	TB 786526	1984-JUN-08	2004-JUN-08	1	100.00 %	400	7600	0	0
MOSS	TB 786527	1984-JUN-08	2004-JUN-08	1	100.00 %	400	7600	0	0
MOSS	TB 786528	1984-JUN-08	2004-JUN-08	1	100.00 %	400	7600	0	0
MOSS	TB 786529	1984-JUN-08	2004-JUN-08	1	100.00 %	400	7600	0	0
MOSS	TB 786541	1984-JUN-26	2004-JUN-26	1	100.00 %	400	7600	0	0
MOSS	TB 786542	1984-JUN-26	2004-JUN-26	1	100.00 %	400	7600	0	0
MOSS	TB 786543	1984-JUN-26	2004-JUN-26	1	100.00 %	400	7600	0	0
MOSS	TB 786544	1984-JUN-26	2004-JUN-26	1	100.00 %	400	7600	0	0
MOSS	TB 786545	1984-JUN-26	2004-JUN-26	1	100.00 %	400	7600	0	0
MOSS	TB 813157	1984-JUN-26	2004-JUN-26	1	100.00 %	400	7600	0	0
MOSS	TB 813158	1984-JUN-26	2004-JUN-26	1	100.00 %	400	7600	0	0
MOSS	TB 813159	1984-JUN-26	2004-JUN-26	1	100.00 %	400	7600	0	0
MOSS	TB 813160	1984-JUN-26	2004-JUN-26	1	100.00 %	400	7600	0	0
MOSS	TB 813161	1984-JUN-26	2004-JUN-26	1	100.00 %	400	7600	0	0
MOSS	TB 813162	1984-JUN-26	2004-JUN-26	1	100.00 %	400	7600	0	0
MOSS	TB 813163	1984-JUN-26	2004-JUN-26	1	100.00 %	400	7600	0	0
MOSS	TB 813164	1984-JUN-26	2004-JUN-26	1	100.00 %	400	7600	0	0
MOSS	TB 813165	1984-JUN-26	2004-JUN-26	1	100.00 %	400	7600	0	0
MOSS	TB 813166	1984-JUN-26	2004-JUN-26	1	100.00 %	400	7600	0	0
MOSS	TB 835178	1985-NOV-27	2003-NOV-27	1	100.00 %	400	6800	0	0
MOSS	TB 835179	1985-NOV-27	2003-NOV-27	1	100.00 %	400	6800	0	0
MOSS	TB 835184	1985-NOV-27	2003-NOV-27	1	100.00 %	400	6800	0	0
MOSS	TB 835185	1985-NOV-27	2004-NOV-27	1	100.00 %	400	7200	0	0
MOSS	TB 835186	1985-NOV-27	2004-NOV-27	1	100.00 %	400	7200	0	0
MOSS	TB 835187	1985-NOV-27	2004-NOV-27	1	100.00 %	400	7200	0	0
MOSS	TB 835188	1985-NOV-27	2004-NOV-27	1	100.00 %	400	7200	0	0
MOSS	TB 835189	1985-NOV-27	2004-NOV-27	1	100.00 %	400	7200	0	0
MOSS	TB 835190	1985-NOV-27	2004-NOV-27	1	100.00 %	400	7200	0	0
MOSS	TB 835195	1985-NOV-27	2003-NOV-27	1	100.00 %	400	6800	0	0

TWP/ AREA	Claim Number	Recording Date	Claim Due Date	# of Units	Percent Option	Work Required	Total Applied	Total Reserve	Claim Bank
MOSS	TB 835196	1985-NOV-27	2004-NOV-27	1	100.00 %	400	7200	0	0
MOSS	TB 835197	1985-NOV-27	2004-NOV-27	1	100.00 %	400	7200	0	0
MOSS	TB 835304	1985-DEC-03	2003-DEC-03	1	100.00 %	400	6800	0	0
MOSS	TB 835305	1985-DEC-03	2003-DEC-03	1	100.00 %	400	6800	0	0
MOSS	TB 835306	1985-DEC-03	2003-DEC-03	1	100.00 %	400	6800	0	0
MOSS	TB 835307	1985-DEC-03	2003-DEC-03	1	100.00 %	400	6800	0	0
MOSS	TB 835308	1985-DEC-03	2003-DEC-03	1	100.00 %	400	6800	0	0
MOSS	TB 835309	1985-DEC-30	2003-DEC-30	1	100.00 %	400	6800	0	0
MOSS	TB 835310	1985-DEC-30	2003-DEC-30	1	100.00 %	400	6800	0	0
MOSS	TB 835311	1985-DEC-30	2003-DEC-30	1	100.00 %	400	6800	0	0
MOSS	TB 835312	1985-DEC-30	2003-DEC-30	1	100.00 %	400	6800	0	0
MOSS	TB 835313	1985-DEC-30	2003-DEC-30	1	100.00 %	400	6800	0	0
MOSS	TB 863760	1985-NOV-27	2005-NOV-27	1	100.00 %	400	7600	0	0
MOSS	TB 873515	1985-DEC-30	2003-DEC-30	1	100.00 %	400	6800	0	0
MOSS	TB 873516	1985-DEC-30	2003-DEC-30	1	100.00 %	400	6800	0	0
MOSS	TB 873517	1985-DEC-30	2003-DEC-30	1	100.00 %	400	6800	0	0
MOSS	TB 873518	1985-DEC-30	2003-DEC-30	1	100.00 %	400	6800	0	0
MOSS	TB 873519	1985-DEC-30	2005-DEC-30	1	100.00 %	400	7600	440	0
MOSS	TB 873520	1985-DEC-30	2004-DEC-30	1	100.00 %	400	7200	0	0
MOSS	TB 873522	1986-APR-21	2004-APR-21	1	100.00 %	400	6800	0	0

***Crown Patented Mining Claims***

Township	Mining Location	Hectares
Moss	B33	64.750
Moss	H1	64.750
Moss	A6	153.376
Moss	A7	121.406

*TABLE 2*  
*List of Assessment Work Files*  
*NTS: 52B10SW*

Summary of exploration work completed on the claims under study over the years. These files are available at the Office of the Resident Geologist, Thunder Bay, Ontario

MEI #	Name	Year	Exploration Activity
002	Ardeen Mine Property	1931-37	GL, ASD, UGW, PNC, REP
003	Belore Mines Ltd	1969-74	DD, ASD, PNC, GM, GEM, IP
004	Noranda Mines Ltd	1957-58	GL, GEM, REP
005	Noranda Expl. Co Ltd	1958	GL, ST, ASD
006	Belore Mines Ltd	1974	DD, GM, GEM
014	Huronian Mines Ltd	1884-86	ST, DD, GM, GEM
015	Lynx-Canada Exploration Ltd	1973-74	ST, DD, ASD, GM, GEM
019	Kennco Expl. (Can.) Ltd	1985-87	ST, DD, ASD, GM, GEM
020	Matt-Berry Mines Ltd	1987	GM, GEM
023	Rainbow Lake Res.	1987	ST
024	M. Fogen	1991-92	ST, GM, GEM, PRO, ASD
025	Kennco Expl. (Can) Ltd	1985	GL, GC, UGW
026	Rainbow Lake Res.	1988	DD
028	Int'l Geoventures Ltd	1987-90	GL, GC, ST, DD, ASD, GEM
029	Grand Portage Resources Inc.	1987-88	GC, ST, DD, ASD, AM, AEM
037	Noranda Expl. Co. Ltd	1990	GL, GC, ASD, IP, GM
038	Noranda Expl. Co. Ltd	1990	GL, GC, ASD
039	Noranda Expl. Co. Ltd	1990	GL, GC, ASD
043	Akiko-Lori Gold Res. Ltd	1991-92	AEM, AM, ASD, GC, GL, DD
045	Noranda Expl. Co. Ltd	1991	DD, ASD, IP, GM, GEM
047	M. Fogen/D. Calvert	1992-94	GM, GEM, PRO (2.15718)
048	Eino Ranta	1991	GM, GEM, PRO, ASD
057	E. Ranta/D. Petrunka	1994	DD, PRO, ASD, GL (2.15852)
058	1013968 Ontario Ltd.	1994	PRO, ASD (2.15848)
060	1013968 Ontario Ltd.	1993	PRO, ASD (2.16098)
063	C. Bumbu/J. Martin/D. Petrunka	1994	PRO, TR, ST, ASD (2.167792)
064	T. Aho (1013968 Ontario Ltd)	1995	DD, ASD, PRO (2.16421)
066	A. Wallace	1994-95	TR
067	1200157 Ontario Inc.	1995	ST, TR, ASD
068	1200157 Ontario Inc. K Kukkee	1996	ASD, PRO (2.17070)
069	Pele Mtn. Res	1997	DD (2.17592)
070	Pele Mtn. Res.	1997	EM, GEM, IP (2.17610)
071	1200157 Ontario Inc J .Martin	1996	ASD, PRO, ASD (2.17383)
072	Pele Mtn Res. Inc.	1997	ASD, DD (2.17830)
073	Ranta, E. OP95-299	1995	ASD, GL, PRO, TR
077	Pele Mtn Res. Inc.	1997	ST (2017862)
078	Martin, J. OP-96-003	1996	ASD, PRO, TR

MEI #	Name	Year	Exploration Activity
081	Pele Mtn Res. Inc	1997	GM, IP (2.17827)
082	Aho, T. OP-96-306	1996	ASD, PRO, ST, TR
083	Pele Mtn Res. Inc.	1997	DD (2.18383)
084	Aho, T.	1996	ASD, PRO, ST, TR (2.18255)
085	Pele Mountain Res. Inc.	1997	ASD, DD (2.18952)
088	Pele Mountain Res. Inc.	1997	GC (2.19466)
089	Bumbu, Costy	1999	GM, GEM (2.19896)
090	Bumbu, Costy	1999	PRO, ASD, TR (2.19697)
091	Pele Mountain Res. Inc.	1997	GL (2.19783)
092	Bumbu, Costy	1999-00	DD (2.20340)
093	Moss Lake Gold Mines Ltd	2000	GL (2.20636)
094	Moss Lake Gold Mines Ltd	2001	GM, GEM (2.21316)

Note:

DD	Diamond Drilling
GM	Ground Magnetic Survey
GEM	Ground Electromagnetic Survey
GL	Grid Lines
ASD	
UGW	
PNC	
REP	
IP	Induced Polarization Survey
ST	
AM	Airborne Magnetic Survey
STR	Stipping
GR	
GC	
PRO	Prospecting
AEM	Airborne Electromagnetic Survey
TR	Trenching
PR	

## **TABLE 3**

### **Minescape Exploration Inc.**

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129 Fielding Road, Lively, Ontario P3Y 1L7  
(705) 682-9297 Fax (705) 682-2144

## **RESOURCE ESTIMATION OF THE ARDEEN MINE PROPERTY THUNDER BAY MINING DIVISION, ONTARIO**

**FOR**

**PELE MOUNTAIN RESOURCES INC.**

**AUGUST 5,1998**

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## **Executive Summary**

The Ardeen Mine Property is situated in the Shebandowan Greenstone Belt just west of Thunder Bay, Ontario.

This report was commissioned to get an arm's length, independent resource estimate for the Ardeen Mine Property.

Resource estimates for gold bearing zones on the property are as follows:

Indicated resource of 90,650 tonnes @ 15.3 g/tonne (84,904T @ 11.6 g/T when cut to 2 ounces per tonne).

Inferred resource of 1,082,939 tonnes @ 14.4 g/tonne (991,739T @ 11.2 g/T when cut to 2 ounces per tonne).

These grades are fairly consistent with the average grade of 13.6 g/tonne reported to remain in the Ardeen mine, which lies in a location central to this area.

Work to date has focussed on relatively high grade, narrow vein type mineralization. Potential still exists for a much larger tonnage, lower grade deposit in the area.

It is reasonably expected that further drilling will encounter significant gold values both under present holes and in stepout holes from known zones. Work to date has not outlined the full extent of the gold bearing structures. The potential for expanding the known mineralized zones as well as outlining new zones is very high.

*Table 3 - Continued*

**Introduction**

Minescape Exploration Inc., at the request of Pele Mountain Resources Inc., has conducted an independent resource estimate on the Ardeen Mine property, Thunder Bay Mining Division, Ontario. This estimate is based upon drill results obtained by Pele Mountain Resources Inc. and is intended to supplement a summary report by F.T. Archibald dated February, 1998.

From March 4 through March 16, 1998, Minescape conducted a comprehensive review of the drill results and sections. Approximately 75% of all reported intervals were randomly selected for checks. Drill intersections were checked for thickness, grade and volume, and have been incorporated into the drill resource estimation. The original data was converted to metric, blocks re-dimensioned and a revised estimation was prepared in the period July 7 through July 15, 1998.

The property was not visited as part of this study. This resource estimate is based upon data provided by Pele Mountain Resources Inc. and is supported by reports authored by Roscoe Postle Associates Inc., Spiteri Geological & Mining Consultants Inc., Etheridge Henley Williams Geoscience Consultants Limited and the Resident Geologist of the District of Thunder Bay.

The authors have reviewed the results of a property visit and independent review of sampling and assaying procedures conducted by Roscoe Postle Associates Inc. Roscoe Postle reported that: "The check sample assays confirm the presence of significant gold in the Pele Mountain core from the Moss Township property. The drilling and sampling procedures used by Pele Mountain conform to industry standards. The assaying methodology employed by Pele Mountain is reasonable and keeping with industry practice."

The authors have also reviewed the scatter plot prepared by Spiteri Geological And Mining Consultants Inc., who independently sampled twelve drillholes in the Pele Zone. Spiteri concludes that: "no changes should be made to sample preparation procedures for now".

The Resident Geologist's Files, Thunder Bay South District, Thunder Bay contains a report of a

***Table 3 - Continued***

property examination of the Ardeen Mine Project. The geological description of the property is consistent with that of Archibald, 1998. Results from sampling are reported as follows: "Limited grab and chip samples collected by the resident Geologist's Program assayed as high as 3.06 g/t Au and 29 g/t Ag from the Pele Zone".

**Location and Access**

The property lies approximately 110 kilometers northwest of Thunder Bay in Northwestern Ontario. Highway #11 is followed west from Shabaqua (junction of Highway #11 and Highway #17). The property turnoff is some 30 kilometers west of Kashabowie and 30 kilometers east of Atikokan. The Swamp Lake Road is taken for some 18 kilometers to the central portion of the claim group, although the northern portion lies along Highway # 11 (Archibald, 1998).

The property is located mainly over the central section of Moss Township, the west section of Ames Township, and the northeast section of the Powell Lake Area, and Nelson Lake. It is located in NTS 52B/10SW-SE-NE (latitude 48 40 and longitude 90 50) (Archibald, 1998). The property can also be accessed by float plane to Moss Lake, which lies in the central portions of the property (Archibald, 1998).

See the report on the Ardeen Mine Project by Archibald, 1998 for a property description, exploration history and regional geology.

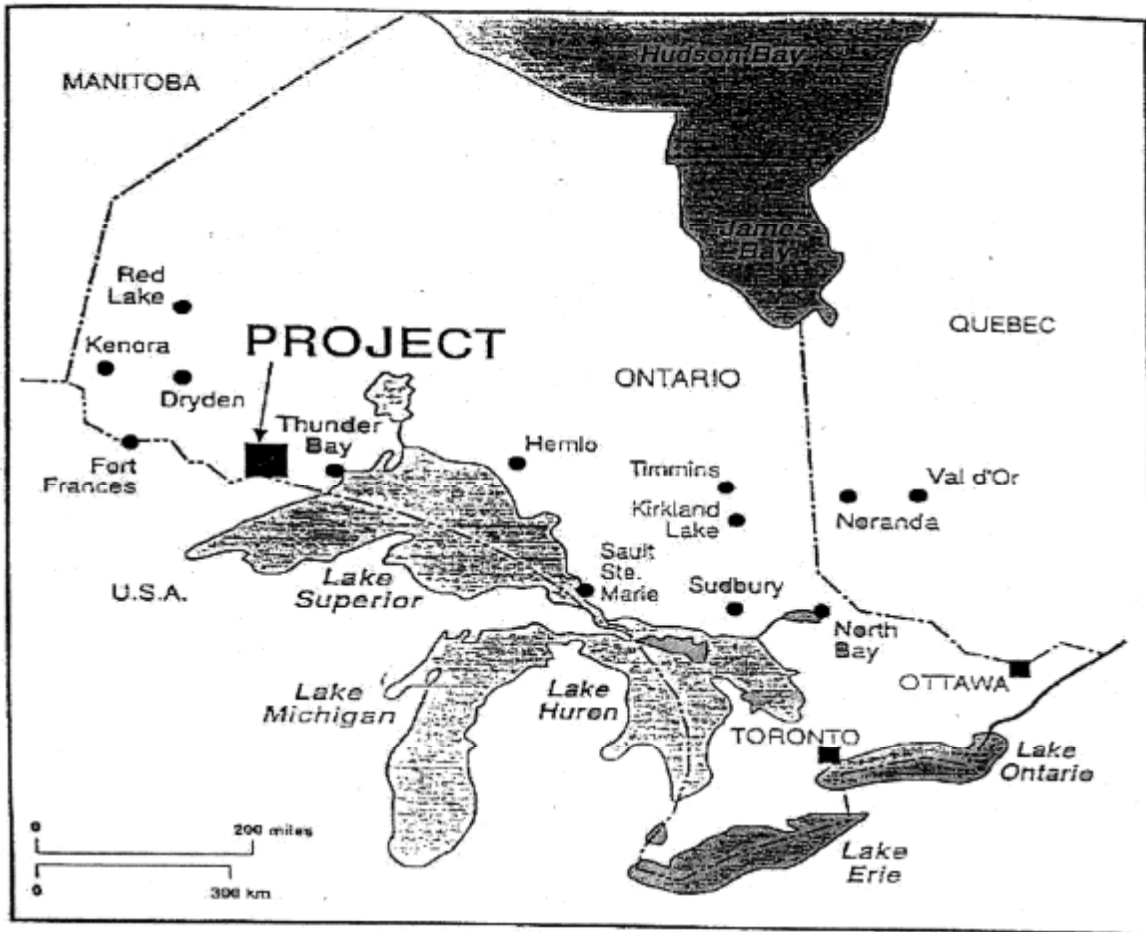


Figure 1

ARDEEN MINE PROJECT  
Northwestern Ontario

*Table 3 - Continued*

**Property Geology**

The area has been mapped by the Ontario Department of Mines between 1960 and 1970, and again by the Ontario Geological Survey between 1992 and 1996. The following description of the property geology, as well as the description of the Ardeen Mine are taken from Archibald, 1998 and supported by several public documents taken from assessment files.

The property lies within the Shebandowan Greenstone Belt. It is underlain by a series of intercalated felsic to mafic metavolcanic rocks, which trend in a northeasterly direction and abruptly change to an easterly trend in the northern section of the property. There are also intercalated horizons of coarse grained flows or gabbro sills. The central portion of the property is bounded by the Moss Lake Syenite Batholith.

All of the gold-bearing veins are associated with shear zones or fault zones. Two to four fault zones are reported east of the Ardeen Mine, with many offset structures splaying off of these units. The offset shears dip 70 degrees to the northeast and 60-70 degrees to the southwest.

The most prominent structure is the Ardeen Fault, which averages 10 to 30 meters in width. Discontinuous gold-bearing vein systems have been found associated with the contact areas. The Ardeen Fault with its associated quartz veins dips steeply (70 degrees) to the north and at depth it dips moderately (50-70 degrees) to the south.

Another parallel fault system similar to the Ardeen Fault but much narrower is located along the Fisher Zone system and the Pele Zone system. They are marked by high chlorite and carbonate content - as is the Ardeen Fault.

The controlling structure occurs in an area in which a series of iron formation units up to 10 meters in width is intercalated with the volcanic rocks. This structure is oriented sub-parallel to stratigraphy.

***Table 3 - Continued***

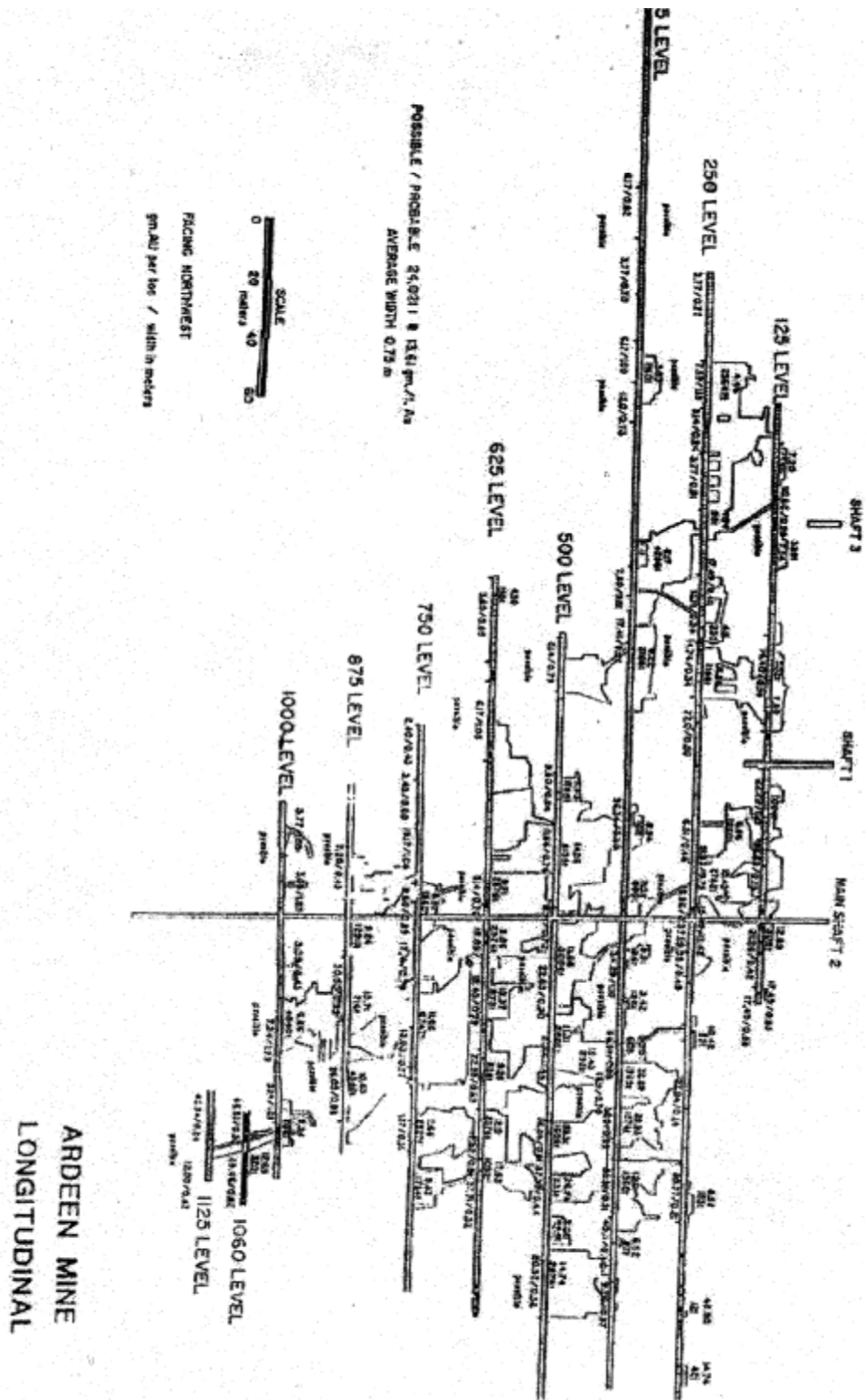
**Ardeen Mine**

The main Ardeen Mine ore body lies within a shear-controlled contact between gabbro intrusive units to the north and pillow basalt flows and breccias to the south. The gold-bearing quartz veins occur along the contact areas and within the Ardeen Fault, mainly within the mafic volcanic (basalt) units. The mineralized zone also lies along the contact with a feldspar porphyry unit. The mineralization occurs within a quartz vein system ranging from a few centimeters to 7.3 meters in width. Within the main ore body, some 426 meters in length, there are a series of en-echelon veins up to 1.8 meters wide and 61.0 meters in length. The veins averaged between 10.0 and 18.1 grams gold per tonne. At depth the vein splits into two systems. The vein dips 75 degrees northwest near surface and 60 degrees to the southeast at depth. The vein is associated with feldspar porphyry or felsic metavolcanics (rhyolite) usually as the southern footwall, in some; cases this unit is related with syenite intrusions.

Within the Ardeen Mine, a total of 143,724 tons was milled and a total of 29,948 ounces of gold and 1172,376 ounces of silver were produced. The ore body was mined from two parallel quartz vein systems which dipped steeply to the north (70 degrees) and dipping flatly to the south (5070 degrees) at depths below the 800 foot level. Wider widths and increased gold values were known to occur in the Ardeen Mine as observed from the underground plans of the 1000 foot level. See figure # 2 (a cross section of the mine workings).

The main section mined tends to plunge 30 to 45 degrees to the east. The gold tends to occur within zones averaging from 0.63 to 1.08 meters in width, with widths increasing at depth. High-grade pods are generally localized. The ore zone extends to at least 342 meters in depth and laterally up to 763 meters in length.

Table 3 - Continued



### **Resource Estimate Methodology**

A sectional method of resource estimation has been utilized. In sections in which more than one borehole have been drilled, the volume corresponding to each intersection extends halfway to the nearest test intersection. Individual test intervals from all cross sections are then plotted on a longitudinal section representing the plane of the mineralized zone. Once again the results of each test interval represent the volume of rock to a point halfway to the closest test interval on adjacent sections. The result of this process is a group of rectangular blocks of known grade with measurable length, depth and thickness (used to calculate volume).

Volumes and grades have been weighted in order to establish average resource estimates for each zone. Indicated resources include only the blocked out areas in the longitudinal section of any given zone. Inferred resources for each zone include the indicated resource as well as the volume of rock down dip (to a depth equaling the strike length) and along strike (to a maximum of .50 meters strike length in each direction) which is reasonably expected to host similar mineralization. The only exception to this is the Pele Zone, which is inferred to extend to a depth of 342 meters. This is due to the presence of proven ore in mine workings to a depth of 342 meters (1125 level - see figure 2) in the adjacent Ardeen Mine.

A tonnage factor of 0.374568 cubic meters equals one metric tonne has been used in the estimations. This corresponds to an imperial tonnage factor of twelve (where twelve cubic feet equals one ton or 0.907185 tonne). Resource estimations have been done both with uncut values, as well as with assay values cut to two ounces per tonne.

***Table 3 - Continued***

**Resource Estimates**

The results of estimations, as well as data used are presented in tables representing the Pele, Fisher, Fisher North, Fisher South and Trench 2 zones respectively. Values in parenthesis represent resource estimates using assay data cut to two ounces per tonne.

PELE ZONE (see tables # 1, 2, figure # 3):

This zone has been intersected in seventeen drillholes. The resource estimate in this zone is indicated over 206 meters strike and to a maximum depth of 97m. This zone is inferred to extend over 206 meters strike and to a depth of 342 meters (corresponding to the depth of the adjacent Ardeen Mine). The average width of this zone is 1.28 meters.

The Pele Zone hosts an indicated resource of 31,080 tonnes averaging 8.3 grams/tonne gold (30,441 T @ 8.0 g/T). An inferred resource of 240,700 tonnes averaging 8.3 grams Au per tonne (240,700T @ 8.0 g/T) has been estimated to a depth of 342 meters.

**Table 1**  
**PELE ZONE**

<b>Block</b>	<b>Tonnes</b>	<b>Thickness in meters</b>	<b>Grade (Tonne</b>
98-12A	377	0.35	2.31
98-13	172	0.20	6.13
97-48	9525	1.86	6.52
97-63	6548	0.99	7.65
98-14	212	0.19	1.21
98-15	374	0.45	16.90
97-60	1781	1.10	33.33
98-16	2117	2.43	1.93
98-17	352	0.50	1.93
98-19	313	0.42	2.82
98-18	268	0.56	1.33
97-49	1808	1.38	7.71
97-59	575	0.37	2.34
98-21	971	0.87	9.48
98-22	1278	0.96	18.21
98-23	2841	0.90	3.05
98-20	1568	0.22	9.05

**Indicated resource of 31,080 tonnes at 8.3 g/tonne**

**Occurs over 206 meters of strike and a maximum depth of 97m.**

**Mineralization is inferred over 206 meters strike.**

**Mineralization occurs over an average width of 1.28 meters.**

**Using the depth of the adjacent Ardeen Mine workings,  
the inferred depth of mineralization is 342 meters.**

**Inferred resource of 240,700 Tonnes at 8.0 g/tonne.**

Table 2

**PELE ZONE**  
**ASSAY VALUES CUT TO 2 OUNCES**

<b>Block</b>	<b>Tonnes</b>	<b>Thickness in meters</b>	<b>Grade /Tonne</b>
98-12A	377	0.35	2.31
98-13	172	0.20	6.13
97-48	9525	1.86	6.52
97-63	6548	0.99	7.65
98-14	212	0.19	1.21
98-15	374	0.45	16.90
97-60	1781	1.10	33.33
98-16	2117	2.43	1.93
98-17	352	0.50	1.93
98-19	313	0.42	2.82
98-18	268	0.56	1.33
97-49	1808	1.38	7.71
97-59	575	0.37	2.34
98-21	971	0.87	9.48
98-22	639	0.48	18.21
98-23	2841	0.90	3.05
98-20	1568	0.22	9.05

**Indicated resource of 30,441 tonnes at 8.0 g/tonne**

**Occurs over 206 meters of strike and a maximum depth of 97m.**

**Mineralization is inferred over 206 meters strike.**

**Mineralization occurs over an average width of 1.28 meters.**

**Using the depth of the adjacent Ardeen Mine workings,  
the inferred depth of mineralization is 342 meters.**

**Inferred resource of 240,700 Tonnes at 8.0 g/tonne.**

***Table 3 - Continued***

FISHER ZONE (see tables # 3,4, figure # 4):

This zone has been intersected in sixteen drillholes. The resource estimate in this zone is indicated in two blocked out areas over 316 meters strike and to 52 meters depth. This zone is inferred to extend over 416 meters strike and to a depth of 416 meters (1:1 length to depth ratio). The rock between the blocked out areas is inferred to host mineralization, as supported by surface assay data (see Fig. 4). The average width of this zone is 1.31 meters (1.23 meters cut).

The Fisher Zone hosts an indicated resource of 23,270 tonnes averaging 13.0 grams/tonne gold (22,1L49T @ 11.4 g/T). An inferred resource of 605,200 tonnes averaging 13.0 grams Au per tonne (568,300T @ 11.4 g/T) has been estimated to a depth of 416 meters.



Table 3

## FISHER ZONE

Block	Tonnes	Thickness in meters	Grade /Tonne
98-11	2314	1.39	3.93
98-10	661	0.83	2.22
98-9	962	0.84	2.24
98-6	426	1.01	5.04
98-5	424	2.9	34.69
97-1	619	1.46	16.21
97-2	722	0.45	5.79
97-56	736	2.03	20.20
98-3	104	0.25	6.46
96-8	481	3.68	73.73
98-2	85	1.2	7.30
98-4	337	1.95	8.23
96-8A	942	1.39	37.90
98-8	965	1.05	5.41
97-80	3966	0.62	7.30
97-35	9526	1.49	14.17

**Indicated resource of 23,270 tonnes at 13.0 g/tonne**

**Occurs in two areas tested over 316 meters of strike and a depth of 52m.**

**Mineralization is inferred over 416 meters strike.**

**Mineralization occurs over an average width of 1.31 metres.**

**Using a length to depth ratio of 1:1, the inferred depth of mineralization is 416m**

**Inferred resource of 605,200 Tonnes at 13.0 g/tonne**

Table 4

## FISHER ZONE

### ASSAY VALUES CUT TO 2 OUNCES

<b>Block</b>	<b>Tonnes</b>	<b>Thickness in meters</b>	<b>Grade (Tonne)</b>
98-11	2314	1.39	3.93
98-10	661	0.83	2.22
98-9	962	0.84	2.24
98-6	426	1.01	5.04
98-5	424	2.9	34.69
97-1	619	1.46	16.21
97-2	722	0.45	5.79
97-56	681	1.88	16.45
98-3	104	0.25	6.46
96-8	59	0.45	68.57
98-2	85	1.2	7.30
98-4	337	1.95	8.23
96-8A	298	0.44	68.57
98-8	965	1.05	5.41
97-80	3966	0.62	7.30
97-35	9526	1.49	14.17

**Indicated resource of 22,149 tonnes at 11.4 g/tonne**  
**Occurs in two areas tested over 316 meters of strike and a depth of 52m.**  
**Mineralization is inferred over 416 meters strike.**  
**Mineralization occurs over an average width of 1.23 metres.**  
**Using a length to depth ratio of 1:1, the inferred depth of mineralization is 416m**

**Inferred resource of 568,300 Tonnes at 11.4 g/tonne**

***Table 3 - Continued***

FISHER NORTH ZONE (see table # 5, figure # 5):

This zone has been intersected in ten drillholes. The resource estimate in this zone is indicated over 164 meters strike and to 45 meters depth. This zone is inferred to extend over 214 meters strike and to a depth of 214 meters (1:1 length to depth ratio). The average width of this zone is 0.74 meters.

The Fisher North Zone hosts an indicated resource of 11,161 tonnes averaging 6.9 grams/tonne gold). An inferred resource of 90,500 tonnes averaging 6.9 grams Au per tonne has been estimated to a depth of 214 meters.

Table 3 - Continued

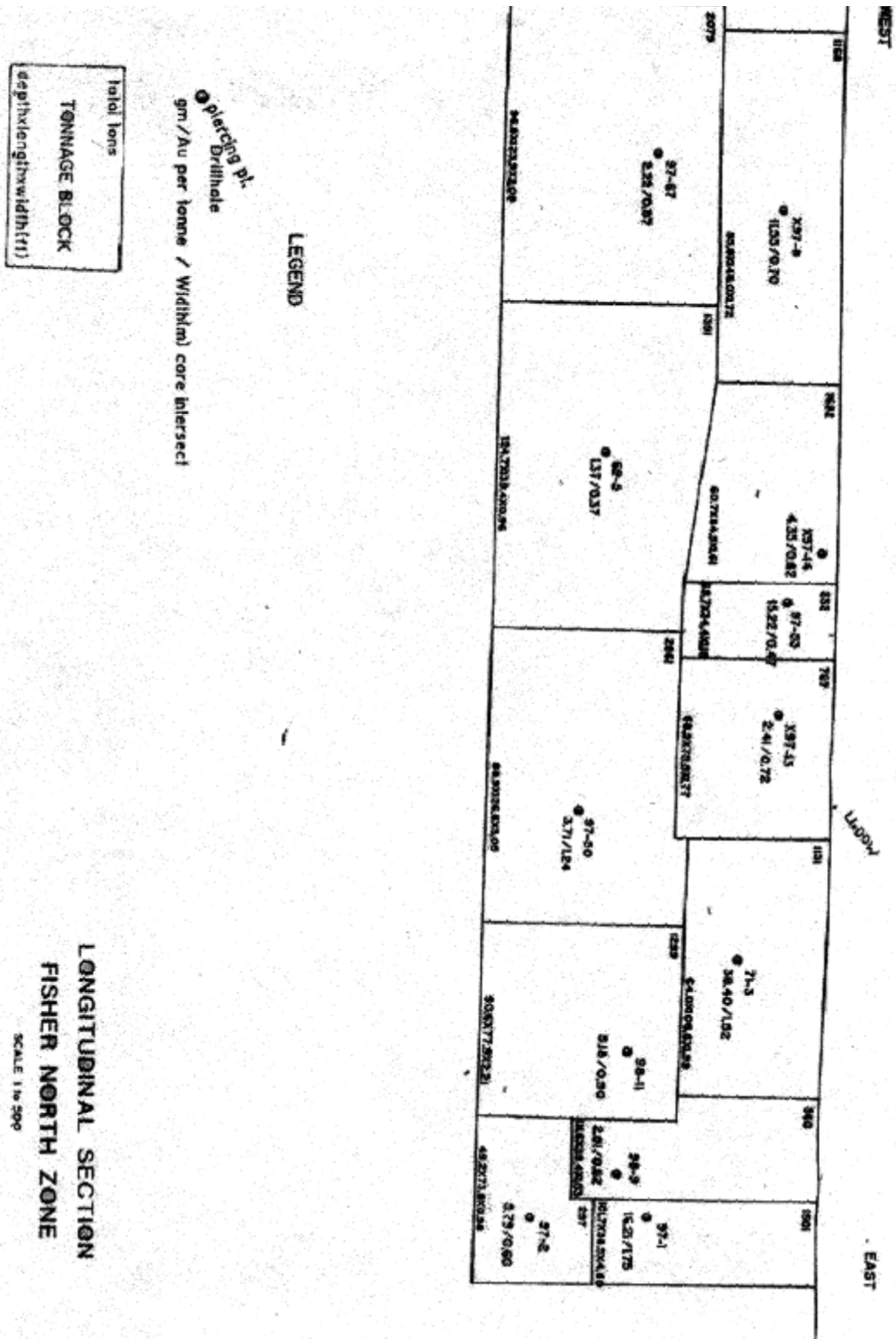


Table 5

## FISHER NORTH ZONE

<b>Block</b>	<b>Tonnes</b>	<b>Thickness in meters</b>	<b>Grade /Tonne</b>
X97-8	1032	0.52	21.65
97-67	1872	0.63	2.22
X97-14	707	0.49	4.35
97-53	194	0.35	15.22
X97-13	1019	0.54	2.41
97-50	2417	0.93	3.71
98-11	1930	0.67	5.18
98-9	441	0.47	2.81
97-1	1271	1.40	16.21
97-2	279	0.30	5.79

**Indicated resource of 11,161 tonnes at 6.9 g/tonne.**

**Occurs over 164 meters of strike and a depth of 45m.**

**Mineralization is inferred over 214 meters strike.**

**Mineralization occurs over an average width of 0.74 metres.**

**Using a length to depth ratio of 1:1, the inferred depth of mineralization is 214.**

**Inferred resource of 90,500 Tonnes at 6.9 g/Tonne**

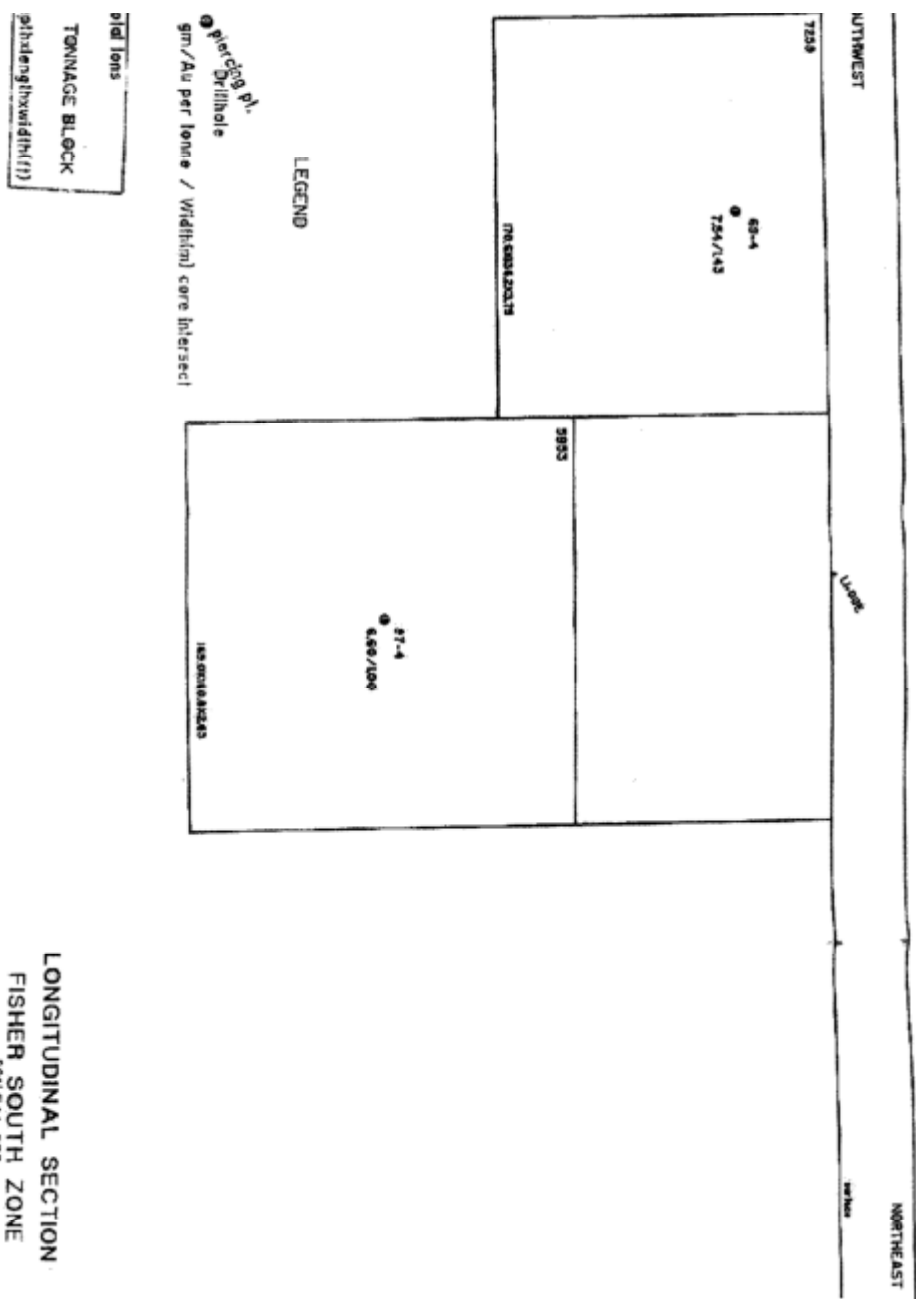
***Table 3 - Continued***

FISHER SOUTH ZONE (table # 6, figure # 6):

This zone has been intersected in one drillhole. This zone is not inferred to extend beyond the single blocked out area. The average width of this zone is 0.80 meters.

The Fisher South Zone hosts an indicated resource of 5,439 tonnes averaging 6.6 grams/tonne gold. No additional resource is inferred for this zone.

Table 3 - Continued



**Table 6**  
**FISHER SOUTH ZONE**

<b>Block</b>	<b>Tons</b>	<b>Thickness in-metres</b>	<b>Grade IT</b>
97-4	5439	0.8	6.6

**Indicated resource of 5,439 tonnes at 6.6 g/tonne.**

**Mineralization occurs over an average width of 0.80 meters.  
Occurs in one single block, no additional resource is inferred.**

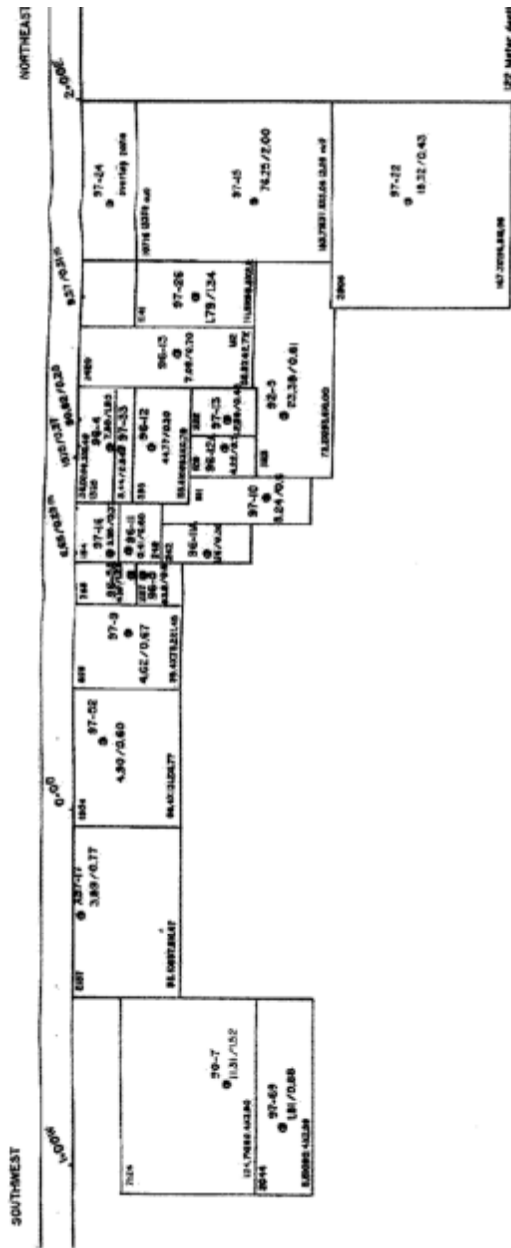
***Table 3 - Continued***

TRENCH 2 ZONE (table # 7,8, figure # 7):

This zone has been intersected in eighteen drillholes. The resource estimate in this zone is indicated over 241 meters strike and to a maximum depth of 123 meters. This zone is inferred to extend over 307 meters strike and to a depth of 307 meters (1:1 length to depth ratio). The average width of this zone is 0.91 meters (0.56 meters cut).

The Trench 2 Zone hosts an indicated resource of 19,700 tonnes averaging 36.2 grams/tonne gold (15,714T @ 23.9 g/T). An inferred resource of 141,100 tonnes averaging 36.2 grams Au per tonne (86,800T @ 23.9 g/T) has been estimated to a depth of 241 meters.

Table 3 - Continued



LEGEND

- Percutaneous Drilling
  - gm / Au per tonne / Width(m) core liners
- | hole ID | depth          | length | width | tonnage | length | width |
|---------|----------------|--------|-------|---------|--------|-------|
| 94-0A   | 55.8542.763.80 |        |       |         |        |       |
| 94-9    | 42.7442.763.36 |        |       |         |        |       |
| 97-05   | 35.4335.650.84 |        |       |         |        |       |
| 94-11   | 35.4333.650.36 |        |       |         |        |       |
| 94-11A  | 82.0234.100.88 |        |       |         |        |       |
| 94-10   | 12.7445.90.70  |        |       |         |        |       |
| 97-33   | 16.4508.330.40 |        |       |         |        |       |
| 94-02A  | 55.8458.450.70 |        |       |         |        |       |
| 97-35   | 55.8448.703.2  |        |       |         |        |       |

LONGITUDINAL SECTION  
TRENCH 2 ZONE  
SCALE 1:4,100

Table 7

## TRENCH 2 ZONE

Block	Tonnes	Thickness in meters	Grade
X97-17	1994	0.51	3.89
97-52	1687	0.54	4.90
97-9	843	0.44	4.62
96-5A	612	1.16	4.10
96-5	151	0.41	83.80
97-16	146	0.26	3.95
96-11	223	0.41	0.41
96-11 A	224	0.30	1.16
97-10	777	0.52	5.24
96-4	398	0.43	7.50
97-33	185	0.43	5.44
96-12	342	0.24	44.77
96-12A	124	0.21	4.22
97-13	224	0.34	12.58
96-13	663	0.34	8.27
97-26	1105	0.67	1.79
97-15	7926	1.55	76.25
97-22	2076	0.32	18.32

**Indicated resource of 19,700 tonnes at 36.2 g/tonne**

**Occurs over 241 meters of strike and a maximum depth of 123m.  
Mineralization occurs over an average width of 0.91 metres.  
Using a length to depth ratio of 1:1, the inferred depth of  
mineralization is 241m.**

**Inferred resource of 141,100 Tonnes at 36.2 g/Tonne**

Table 8

**TRENCH 2 ZONE**  
**ASSAY VALUES CUT TO 2 OUNCES**

<b>Block</b>	<b>Tonnes</b>	<b>Thickness in meters</b>	<b>Grade</b>
X97-17	1994	0.51	3.89
97-52	1687	0.54	4.90
97-9	843	0.44	4.62
96-5A	612	1.16	4.10
96-5	52	0.14	68.57
97-16	146	0.26	3.95
96-11	223	0.41	0.41
96-11 A	224	0.30	1.16
97-10	777	0.52	5.24
96-4	398	0.43	7.50
97-33	185	0.43	5.44
96-12	342	0.24	44.77
96-12A	124	0.21	4.22
97-13	224	0.34	12.58
96-13	663	0.34	8.27
97-26	1105	0.67	1.79
97-15	4040	0.79	68.57
97-22	2076	0.32	18.32

**Indicated resource of 15,714 tonnes at 23.9 g/tonne**

**Occurs over 241 meters of strike and a maximum depth of 123m.**

**Mineralization occurs over an average width of 0.56 metres.**

**Using a length to depth ratio of 1:1, the inferred depth of mineralization is 241m.**

**Inferred resource of 86,800 Tonnes at 23.9 g/tonne**

**Table 3 - Continued**

**Summary**

Indicated and inferred resource estimates for each zone are summarized as follows:

**Pele Zone**

Indicated resource of 31,080 tonnes @ 8.3 g/tonne (30,441 T @ 8.0 g/T).

Inferred resource of 240,700 tonnes @ 8.3 g/tonne (240,700T @ 8.0 g/T).

**Fisher Zone**

Indicated resource of 23,270 tonnes @ 13.0 g/tonne (22,149T @ 11.4 g/T).

Inferred resource of 605,200 tonnes @ 13.0 g/tonne (568,300T @ 11.4 g/T).

**Fisher North Zone**

Indicated resource of 11,161 tonnes @ 6.9 g/tonne.

Inferred resource of 90,500 tonnes @ 6.9 g/tonne.

**Fisher South Zone**

Indicated resource of 5,439 tonnes @ 6.6 g/tonne.

Inferred resource of 5,439 tonnes @ 6.6 g/tonne.

**Trench 2 Zone**

Indicated resource of 19,700 tonnes @ 36.2 g/tonne (15,714T @ 23.9 g/T). Inferred resource of 141,100 tonnes @ 36.2 g/tonne (86,800T @ 23.9 g/T).

***Table 3 - Continued***

An indicated resource has been estimated from all zones (all of which are open along strike and at depth) to contain 90,650 tonnes averaging 15.3 grams of gold per tonne (84,904 tonnes at 11.6 g/tonne when cut). An inferred resource estimate of these zones is 1,082,939 tonnes averaging 14.4 grams of gold per tonne (991,739 tonnes at 11.2 g/tonne when cut). These estimates include strike lengths which cover less than half of the total strike length over which mineralization is indicated on surface.

Resource estimates (see table # 9) for gold bearing zones on the property are as follows:

Indicated resource of 90,650 tonnes @ 15.3 g/tonne (84,904T @ 11.6 g/T).

Inferred resource of 1,082,939 tonnes @ 14.4 g/tonne (991,739T @ 11.2 g/T).

It is noteworthy that the uncut grade of the indicated resource at 15.3 g/tonne (11.6 g/tonne when cut to 2 oz/tonne) is consistent with the average grade of 13.6 g/tonne reported to remain in the Ardeen mine which lies in a location central to this area.

Work to date has focussed on relatively high grade, narrow vein type mineralization. Potential still exists for a much larger tonnage deposit in the area. Specific areas of interest should include the feldspar porphyry and the iron formation. Exploration should focus on any situation in which iron formation is intersected by structural discontinuities, specifically in the case of sulphide replacement of magnetite.

It is reasonably expected that further drilling will encounter significant gold values both under present holes and in stepout holes from known zones. Work to date has not outlined the full extent of the gold bearing structures. The potential for expanding the known mineralized zones as well as outlining new zones is very high.

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*Table 3 - Continued*

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