GM 64177

2009 ASSESSMENT REPORT, POV PARK PROPERTY

2009 ASSESSMENT REPORT
POV Park Property
Cape-Smith Belt, Nunavik, Northern Québec

Minergy Limited/Pure Nickel JV

95 Wellington Street West, Suite 900,
Toronto, Ontario, M5J 2N7

Prepared by:

Dallas W. Davis, géo., l'autorisation spéciale numéro 114, Ordre des géologues du Québec and

John Astrup, M.Sc. Pr Sci. Nat.

January 2009

Executive summary

Mining exploration recent interest in the Ungava foldbelt of the Ungava Peninsula in northern Québec has been initiated through a series of new discoveries made by different exploration companies working in the area during the past few years. The Ni-Cu-(PGE) ore deposits occurring in the Ungava Foldbelt are associated with Proterozoic-age mafic-ultramafic magmatic systems. Examples of Ni-Cu-(PGE) ore deposits found in the region include the Raglan Mine (Xstrata Nickel), Nunavik Nickel Mine (Canadian Royalties), discoveries by Anglo/Knight JV on their West Raglan project (Frontier Zone) and the occurrences being explored by Goldbrook in the Belanger-Delta trend. This assessment report summarizes the exploration work carried out over the POV Park Property claims during 2008.

The POV Park property is located between 90 and 120 km northeast of the coastal Inuit community of Akulivik. Exploration work conducted in 2008 consisted of a detailed geophysical interpretation of previously collected aeromagnetic and AeroTEM EM data previously collected as well as a drilling program on some of the higher priority EM targets identified.
Some of the EM anomalies/targets are concordant with, or occur in the vicinity of, previously mapped ultramafic units. The AeroTEM total field magnetic data highlighted numerous magnetic features, some are related to ultramafic units and some are related to formational sedimentary units such as sulphide-facies iron formation. Drilling confirmed the presence of the ultramafic units, but failed to explain the conductors being targeted. Many of the conductors unfortunately lie under lakes which makes drill testing difficult.

The geological setting of the POV Park Property appears to be favorable for hosting Ni-Cu-PGE deposits.

The 2008 expenditure on the POV Park claim blocks is **$478,959.11**.

Table of Contents

(EXTRAIT DU RAPPORT)

Introduction

Since the 1950's, Ni-Cu-(PGE) sulfide deposits and occurrences associated with mafic-ultramafic rocks occurring in the Paleo-Proterozoic-age Ungava foldbelt (a.k.a. the Cape Smith Belt) of the Ungava peninsula in northern Québec (Fig. 1), has been investigated by several mining companies and found to contain significant Ni-Cu-(PGE) mineralization. Most notable are; Falconbridge's Raglan deposits (Donaldson, Boundary, West Boundary, Zone 13-14, Zone 5-8, Katinniq, Zone 2-3, East Lake, and Cross-Lake), which host over **24.8 million tonnes @ 2.77% Ni & 0.80% Cu** (reserves and resources). Canadian Royalties exploring the "South Raglan Trend" have made several discoveries including the Mesamax, Allammaq, Mequillon, Expo, Ivakkak and TK deposits (Total Indicated Mineral Resources of 17.3 Mt at 0.9% Ni, 1.1% Cu, and 2.9g/t Pt+Pd+Au and Inferred Mineral Resources of 3.6 Mt at 0.8% Ni, 1.1% Cu, and 3.2g/t Pt+Pd+Au; Canadian Royalties Inc. – Feb 2008). Anglo American Exploration Canada and Knight Resources are exploring the Main Raglan Horizon on their West Raglan project where several holes have intersected wide intervals (3-15m) of massive sulphides grading between 1.2 and 4.2% Ni (Knight Resources - March 2008).

Goldbrook Ventures, who hold a significant land position in the Cape Smith Belt, have made several significant discoveries on the Belanger-Delta Horizon where two prospects are undergoing resource delineation drilling (Getty and Sylvie Zones) and where several further prospects (Timtu, Bravo B4, Bravo B1B3, R2 and Mystery) have been discovered. Recent results from the Mystery prospect have been very encouraging with significant intersections such as DDH MYS08-003, 131 metres of 0.81% Ni, 0.87% Cu and 3.01g/t PGE+Au (Goldbrook press release 3 September 2008) and MYS08-005 46 metres from 186.0 to 232.0 metres downhole, of 0.74% Ni, 1.58% Cu and 6.80 g/t PGE+Au. This included a 4 metre section from 200 to 204 metres of 0.64% Ni, 3.11% Cu and 41.30 g/t PGE+Au (Goldbrook press release 15 September 2008).

All of the above mines, deposits and prospects as well as numerous additional showings confirm the potential for economic magmatic Ni-Cu-(PGE) mineralization in the Cape Smith Belt.

This report summarizes the work and results of the 2008 exploration program carried out on the POV Park property. The POV Park property was originally taken out by Falconbridge Limited, but following the takeover by Xstrata most of the early stage exploration properties held by Falconbridge Ltd were packaged together and sold to Pure Nickel on 2 August 2007. Pure Nickel subsequently entered into an Option Agreement with Minergy Limited on 30 May 2008. Minergy Limited is now the operator on the property.

The POV Park property is located in the western part of the Cape Smith Belt, and is located in NTS: 35F07 and 35F08. The license consists of 4 blocks containing a total of 148 map staked claims acquired in 2003. These claims are located within a proposed Provincial Park.

The objectives of the 2008 exploration program were to:

1) Conduct a comprehensive interpretation of the previously collected aeromagnetic and AeroTEM airborne EM as well as geological information.
2) Verify some of the geological mapping done by Falconbridge
3) Drill test some of the best accessible EM anomalies/targets

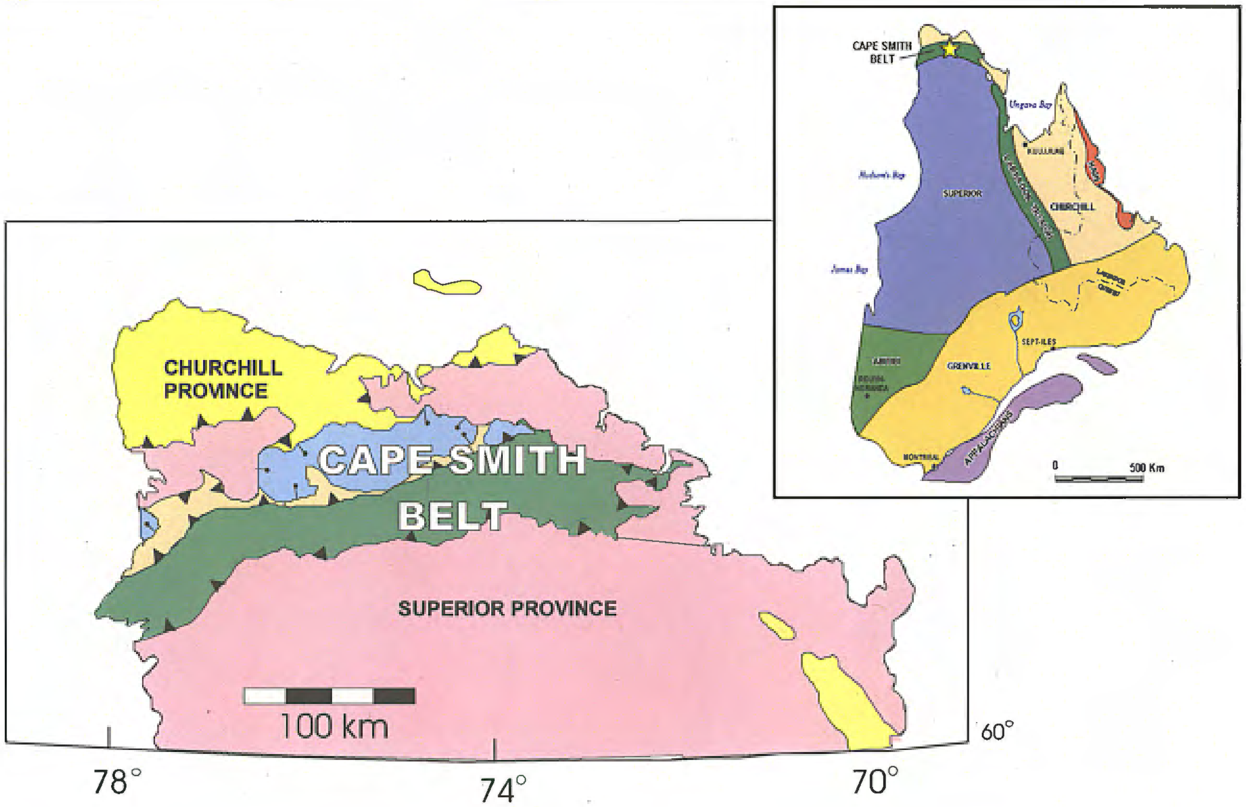


Figure 1: Location map of the Ungava foldbelt in Nunavik, Northern Québec. Figure shows the Archean basement (pink); the Povungnituk and Chukotat Groups (Green); the Watts Group (light blue);); the Narsajuaq arc / Churchill Province (yellow, and the Parent and Spartan groups (tan).

Location, access and infrastructures

The four POV Park claim blocks cover a total area of 58.89 km^2. They are located ~1800 kilometers north of Montreal, between 100 and 120 km southwest of the coastal community of Salluit. Most of the POV Park claims lie within the Category 2 Inuit owned land of the Akulivik Inuit community. The property is also located within the boundary of the proposed Monts de Puvirnituq Park. (Figure 2 and Table 1).

The infrastructure in the northern Ungava Peninsula comprises the Raglan mining complex (including the Donaldson airport and the Deception Bay seaport) and the

Inuit communities of Akulivik, Ivujivik, Salluit, and Kanjiqsujuaq. The POV Park property can be accessed by helicopter from the Raglan mining complex or from any adjacent community.

Nearby exploration camps include those of Anglo American (Camp Chukotat) and Goldbrook (Belanger Camp).

Topography, physiography and vegetation

The bedrock exposure in the Cape Smith Belt is usually good to moderate (~30% outcrop) with hilltops being typically barren, but bedrock exposure is mediocre to poor (less 10% outcrop) on the POV Park claim blocks.

Numerous lakes, streams and swamps are present in the POV Park claim blocks. The vegetation mostly consists of grasses, lichen, moss, and minor shrubs in low-lying areas, which are typical of tundra environment.

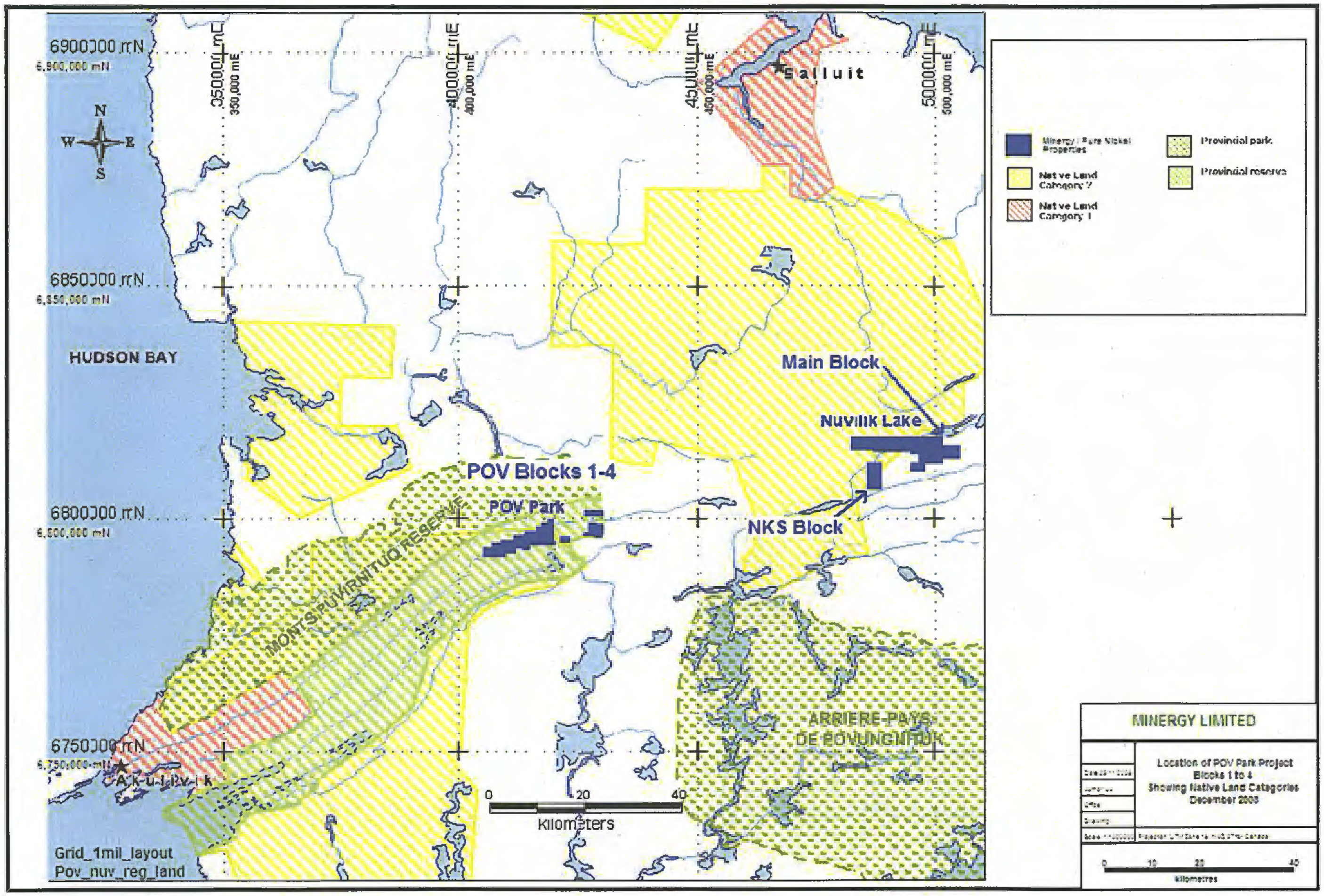


Figure 2: Location map of the POV Park Project showing the various clusters of claim blocks with respect to Native land and the proposed park boundary (Projection: UTM Canada Nad27, Zone 18)

Mining properties and ownership

The POV Park property is (at the most) 12 km long by 5 km wide, covering a surface of 58.89 km^2. It comprises 148 claims separated into four distinct blocks (POV 1, 2, 3 and 4) registered on March 2003 (Fig. 4 and 5).

Table 1: Location of the POV Park properties (Projection: *UTM Canada NAD27, Zone 18*)

	POV block 1	***POV block 2***	***POV block 3***	***POV block 4***
NTS:	35F07, 08	35F08	35F08	35F08
Easting	405200mE to 420000mE	421400mE to 423200mE	426300mE to 430300mE	426400mE to 430200mE
Northing	6791600m N to 6799700m N	6795000mN to 6795900mN	6796000m N to 6798600m N	6800400m N to 6801400m N

Table 2: Ungava Project, claim listing for the POV Park property

	Claim No.	Total Claims	Total Area km²	Expiry Date
POV Block 1	CDC 1119767 – 1119877	111	45.78	2009/03/13
	CDC 1119996	1	0.41	2009/03/13
	Total:	**112 claims**	**46.19 km²**	
POV Block 2	CDC 1119997 – 1120000	4	1.65	2009/03/13
	Total:	**4 claims**	**1.65 km²**	
POV Block 3	CDC 1120001 – 1120023	23	7.62	2009/03/13
	Total:	**23 claims**	**7.62 km²**	
POV Block 4	CDC 1119881 – 1119889	9	3.43	2009/03/13
	Total:	**9 claims**	**3.43 km²**	
	Total:	**148 claims**	**58.89 km²**	

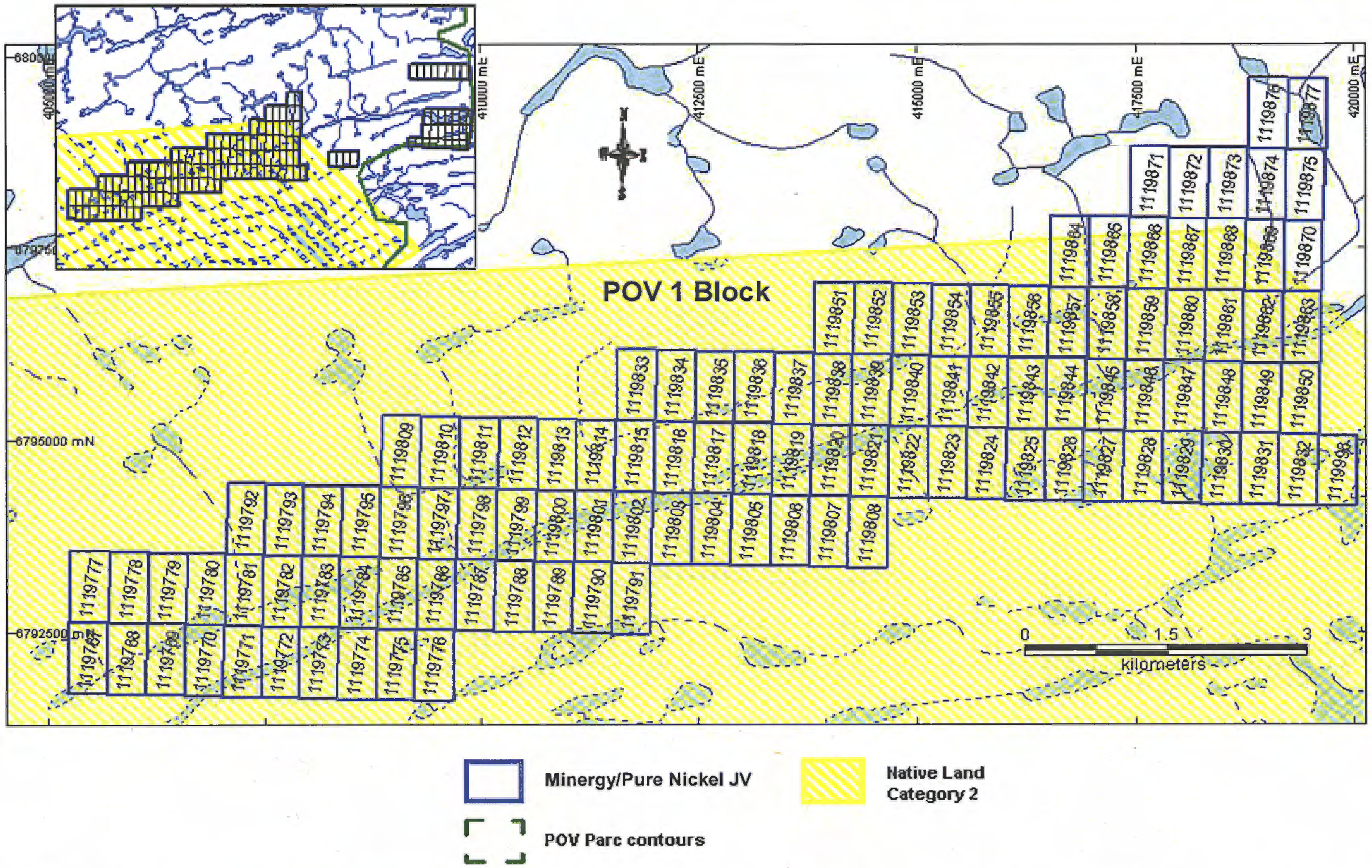


Figure 4: Location map of the POV Park claim blocks (POV 1 block) / properties showing individual claim cells

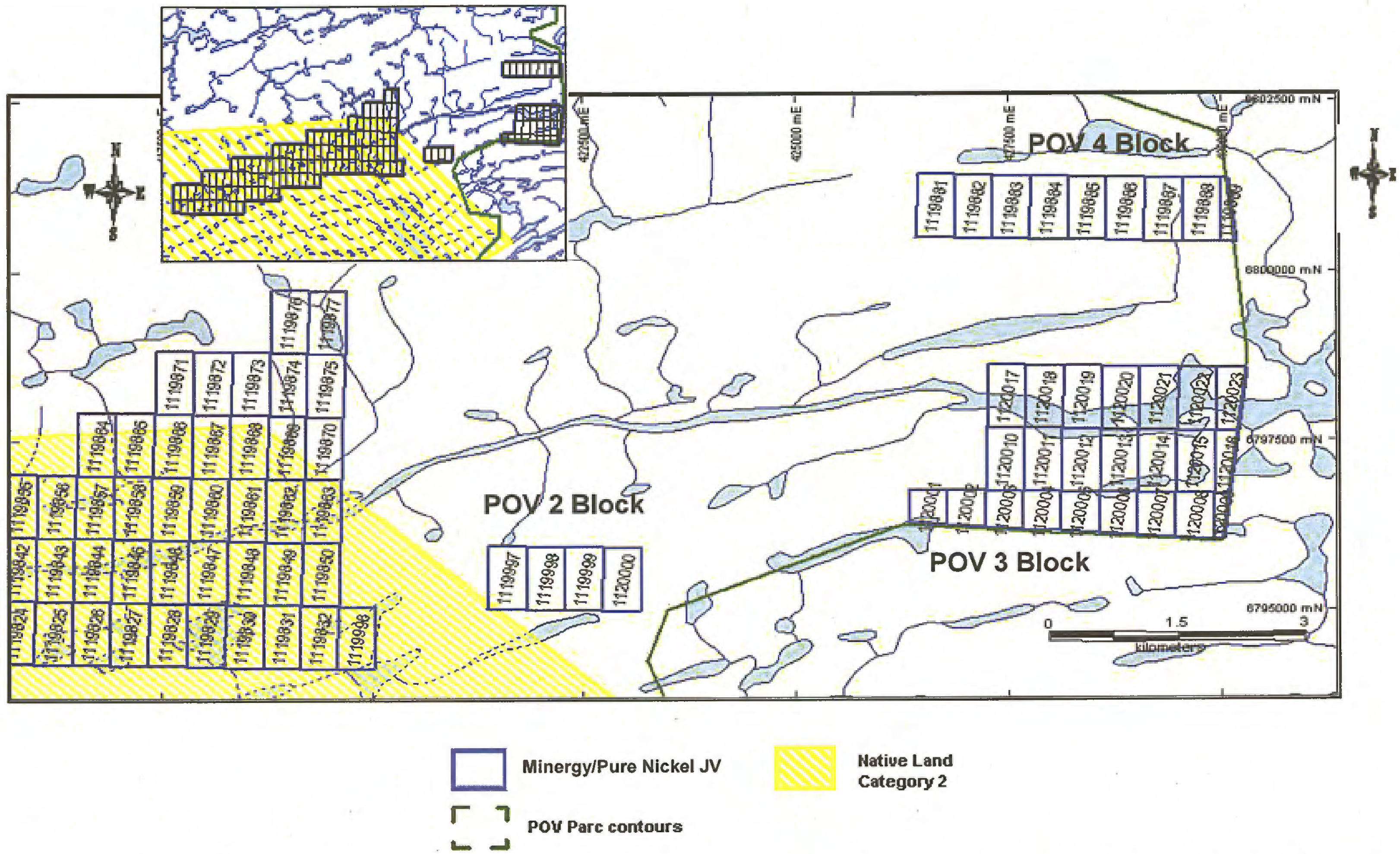


Figure 5: Location map of the POV Park claim blocks (POV 2, 3 and 4 blocks) / showing individual claim cells

Previous exploration work

The Ungava foldbelt has been the site of many mineral exploration campaigns over the past 50 years, but recognition of its actual mineral potential dates back to 1898 when A.P. Low of the Geological Survey of Canada described a "large area containing a diabase trap, some of which contain iron sulphides that assay small quantities of nickel", when mapping the east coast of Hudson Bay. Prospecting of the belt began in 1931-1932, when Cyril Knight Prospecting Company Ltd., Huronian Mining and Finance Company, Newmont Exploration Ltd. and Quebec Prospectors Ltd. explored up to 150 miles inland form the western tip of the belt.

The only historical exploration work specifically on the POV Park Project is that of Falconbridge in 2004, when they flew an airborne EM (AeroTEM) aeromag survey over the area and conducted ground follow up and mapping. Details of this work are available in the filed assessment reports. Falconbridge also flew a hyperspectral survey over the area and some imagery from this survey has recently been obtained.

Geological setting

The early Proterozoic Cape Smith fold and thrust greenstone belt (a.k.a. Ungava foldbelt) extends approximately 375 km east-west and approximately 90 km north-south across the Ungava Peninsula of northern Québec (Fig. 1). The regional geological setting, stratigraphy, structure, and magmatic evolution of the Ungava foldbelt have been described, and discussed in detail by Bergeron (1959), Francis and Hynes (1979), Francis et al. (1981), Hynes and Francis (1982), Francis et al. (1983), Hoffman (1985), Picard et al. (1990), St-Onge et al., (1992), and St-Onge and Lucas (1993). The above-mentioned studies suggest that the Ungava foldbelt is an east-west trending, doubly plunging, overturned synclinorium that records the northward rifting of an Archean craton (rift-fill sediments and rift-fill continental volcanic rocks), the opening of complex ocean basin(s) (transitional to oceanic basalts and ophiolite), the closing of an ocean and subsequent obduction during an arc-continent collision (minor tonalites, thin-skin thrusting and folding), and a continent-continent collision (thick-skin folding). The Ungava foldbelt is interpreted to have been part of the foreland basin of the circum-Superior Trans-Hudson orogen (more precisely the northern Québec segment, i.e., the Ungava orogen), which was accreted onto the Superior craton margin by (mostly) north to south compressions that dissected the sequence into numerous thrust sheets. It is now preserved as a klippe that was isolated from its root zone by post-collisional basement folding and is surrounded by basement-cored anticlines of the Superior province to the south, and of the Churchill province to the north.

Tectonostratigraphic assemblage

The Ungava foldbelt comprises three sub-domains (St-Onge et al., 1992): 1) a 2.9-2.7 Ga continental basement (Superior Province), 2) a 2.04-1.92 Ga continental margin to ocean basin sequence (Povungnituk and Chukotat groups), and 3) a 2.0 Ga ophiolite (Watts Group) and a 1.89-1.80 Ga magmatic arc (Parent and Spartan groups, Narsajuaq arc). Sub-domains 2 and 3 were thrust cratonward during ca. 1.83-1.80 Ga arc – continent collision and were infolded along with the autochthonous continental basement during the <1.76 Ga continent – continent collision (Lucas and St-Onge, 1992). The Ungava foldbelt itself comprises sub-domain 2 and the southernmost part of sub-domain 3 (i.e., the Watts, Parent, and Spartan groups), which occur within a series of south-verging, north-dipping imbricated thrust sheets. From south to north, the thrust sheets are progressively more allochthonous with respect to the underlying basement (St-Onge and Lucas, 1993), whereby each thrust sheet is interpreted to represent successive, basinward stratigraphic sequences, preserving the facies changes associated with the transition from a rifted continental margin to oceanic crust (Hynes and Francis, 1982; Bédard et al., 1984).

Povungnituk and Chukotat Groups

Sub-domain 2 has been subdivided into two distinct tectonostratigraphic groups (Bergeron, 1959), the Povungnituk (south) and Chukotat (north) groups, which are interpreted as north-facing rift-to-drift sequences developed at the margin of the Superior craton during the early Proterozoic (Francis et al., 1981; Hynes and Francis, 1982; St-Onge and Lucas, 1992). They are characterized by dominant sub-aqueous mafic volcanic rocks that may be genetically related through the adiabatic partial melting of a common mantle source that evolved through a thinning lithosphere as rifting progressed (Francis et al., 1983), although recent workers attribute the melting regime as a plume (Burnham et al., 1999).

The southern rifted continental margin sequence (Povungnituk Group, 2.04–1.96 Ga, Machado et al., 1990) comprises a lower sequence dominated by siliciclastic sedimentary rocks, a middle sequence dominated by tholeiitic and minor alkaline (Gaonac'h et al., 1992) mafic volcanic rocks with continental affinity, and an upper sequence dominated by semipelites, all of which are intruded by gabbro, pyroxenite, and peridotite sills and dykes with Chukotat magmatic affinities (Francis et al., 1983; Bédard 1984; St-Onge and Lucas, 1993). The basalts of the Povungnituk Group vary from low-MgO to high-MgO and are interpreted as resulting from a voluminous outpouring of tholeiitic basalts associated with the rifting of the

Superior Province craton (Francis et al., 1983; Picard et al., 1990; and St-Onge and Lucas, 1993).

The northern oceanic-rift sequence (Chukotat Group) comprises a lower sequence dominated by olivine-phyric basalts of komatiitic affinity that grade into a middle sequence dominated by pyroxene-phyric basalts that, in turn, grade into an upper sequence dominated by plagioclase-phyric, N-MORB-type basalts (Hynes and Francis, 1982; St-Onge and Lucas, 1993).

Structure and metamorphism

The Ungava foldbelt fold and thrust greenstone belt trends east-west and developed in response to northward underthrusting of the Superior Province basement. It is now preserved as a klippe in a doubly-plunging synclinorium (Hoffman, 1985; Lucas, 1989). The structural history of the Ungava foldbelt has been described and discussed by Hynes and Francis (1982), Hoffman (1985), Lucas (1989), Picard (1990), St-Onge and Lucas (1992, 1993) and St-Onge et al. (1992). According to their work, the rocks of the Ungava foldbelt recorded the following major deformation events:

D_1 (<1.87-1.92 Ga) represents southward thrusting and folding of sub-domain 2 (Povungnituk and Chukotat Groups) onto sub-domain 1 (Superior basement margin) by piggyback-style (break backward) sequence thrusting and folding. This thin-skinned thrusting episode resulted in north-south shortening and vertical thickening of the sub-domain 2 rocks and developed a pronounced S_1 foliation during pre-thermal peak metamorphism. D_1 is interpreted to have occurred while the northern part of the Chukotat oceanic basin was undergoing northward subduction.

D_2 (1.83-1.80 Ga) represents southward out-of-sequence thrusting and normal faulting that correlates with the southward accretion (obduction) of the fore-arc sequence and its ophiolitic basement (sub-domain 3) onto sub-domain 2 and 1. This thin-skinned deformation episode is interpreted to have occurred when the Narsajuaq arc collided with the Superior craton margin and corresponds to thermal peak metamorphism.

D_3 (~1.76 Ga) represents regional-scale folding of sub-domains 1, 2, and 3 about east-west trending axes. These folds are parallel to the thrust belt and have a south-verging asymmetry. *D_3* is interpreted as a thick-skinned deformation episode that possibly represents the terminal deformation stage of the collision between the Superior and Rae cratons. The synclinorium in which the Ungava foldbelt is preserved, as well as the basement-cored anticline that exposes the Superior basement in the northeastern part of the belt, are related to *D_3*.

D_4 (<1.74-1.76 Ga) represents regional-scale cross-folding of sub-domains 1, 2, and 3 about northward plunging, north-south trending axes. *D_4* is interpreted as a post-collisional, thick-skinned deformation episode that generated a dome-and-basin interference pattern. Peneplanation following *D_4* folding provided 15-20 km of structural relief on the flanks of the *D_4* structures.

The metamorphic history of the Ungava foldbelt involves interaction between deformation, uplift and erosion, and thermal equilibration of thickened crust (Bégin, 1989; St-Onge and Lucas, 1993). The southern part of the belt (mainly the Povungnituk Group) is characterized by higher grade metamorphic assemblages (hornblende-oligoclase zone and garnet-oligoclase zone), and the northern part of the belt (mainly the Chukotat Group) is characterized by lower grade metamorphic assemblages (hornblende-albite zone and garnet-albite zone).

Location and setting of the known Ni-Cu-(PGE) deposits

In the Cape-Smith belt, the known Ni-Cu-(PGE) deposits occur in ultramafic rocks of Chukotat Group affinity that are located in two main horizons:

1) The **Raglan horizon**, which occurs along the interface between the Povungnituk and Chukotat groups, comprises an east-west-trending, discontinuously-exposed but semi-continuous linear package of peridotite and peridotite-gabbro bodies interlayered with sulfidic and/or graphitic pelites. These ultramafic complexes, which host the majority of the Ni-Cu-(PGE) mineralization (e.g., Katinniq, 5.2Mt at 2.96% Ni, 0.81% Cu; Donaldson, 3.5Mt at 3.35% Ni, 0.78% Cu; Zone 2, 1.4Mt at 2.45% Ni, 0.67% Cu; and Zone 3,

3.4Mt at 2.68% Ni, 0.76% Cu), are composite lenticular bodies of mesocumulate peridotite and lesser orthocumulate olivine pyroxenite with pyroxenite margins. The mineralization occurs at, or near the base of embayment features along the contact with footwall mafic rocks and/or sediments (Coats, 1982).

2) The **South Raglan horizon**, which occurs within the Povungnituk Group, comprises linear concordant and discordant ultramafic sills and dykes that intrude mafic tholeiites and quartz-rich sulfidic and/or graphitic pelites and semi-pelites. The ultramafic rocks of the South Raglan horizon host numerous' discovered made by Canadian Royalties which include the Mesamax, Allammaq, Mequillon, Expo, Ivakkak and TK deposits (Total Indicated Mineral Resources of 17.3 Mt at 0.9% Ni, 1.1% Cu, and 2.9g/t Pt+Pd+Au and Inferred Mineral Resources of 3.6 Mt at 0.8% Ni, 1.1% Cu, and 3.2g/t Pt+Pd+Au; Canadian Royalties Inc., Feb. 2008). These deposits have previously been interpreted to represent part of the plumbing system of the Chukotat Group lavas (Barnes and Giovenazzo, 1990; Picard, 1995).

3) The NKS Block claims are proximal to a third, **Belanger-Delta**, horizon, which also occurs within ultramafic intrusions of the Povungnituk Group. The Belanger-Delta horizon is geographically closer, and geologically similar, to the South Raglan horizon. Mineralization consists of disseminated, and in some cases semi massive to massive, Ni-Cu-PGE bearing sulphides. Examples of the Belanger –Delta horizon mineralization include Goldbrook Ventures' Getty and Sylvie zones where resource delineation drilling is underway, as well as several further prospects (Timtu, Bravo B4, Bravo B1B3, R2 and Mystery) where mineralization has been discovered.

2008 Exploration program and expenditures

The objectives of the 2008 work program on the POV Park property was primarily driven by the looming closure of the area scheduled for June 2009. The original critera for opening this area to exploration was that singificant potential for mineralization needed to be demonstrated prior to June 2009. It now appears that this area may not automatically be proclamed a park or reserve as there are several affected parties that have objected to the proclamation of this area which will prevent further exploration.

The objectives of the 2008 exploration program were to:

1) Conduct a comprehensive interpretation of the previously collected aeromagnetic and AeroTEM airborne EM as well as geological information.
2) Verify some of the geological mapping done by Falconbridge
3) Drill test some of the best accessible EM anomalies/targets

Work completed included:

- Geophysical interpretation over the entire license, 58.89 km^2
- Field checking of Falconbridge mapping
- Detailed geophysical modeling of AeroTEM conductors for drill testing
- Drilling 2 holes totaling 252 m (POV001 – 153.00 m and POV005b 99.00 m)
- Late in the year processed hyperspectral data was obtained from Xstrata Nickel over the POV property and a basic review of the imagery provided was done.

Mineralization targeted in the POV Park property is Ni-Cu-PGE mineralization hosted in ultramafic intrusions along the "Raglan Horizon", i.e. near the contact between the Povungnituk and Chukotat groups. These would be equivalent to mineralization currently being exploited by Xstrata's Raglan mine and also that being explored for by the Anglo American/Knight Resources Joint Venture immediately to the west.

Geophysical Interpretation

An integrated geophysical interpretation was conducted over the entire POV license by John Bell (of Bell Geophysics). This involved examination of the available Falconbridge data which included aeromagnetics, airborne EM – (AeroTEM) and geological mapping with limited surface grab sampling. Figure 6 below represents the summary of the interpretation showing the identified targets. Target 2, where a number of good conductors were identified coincident with mapped ultramafic intrusions and surface NiS showings. This group of conductors was considered to be of "High Priority". Two medium priority targets (Targets 1 and 6) were also identified as well as three low priority targets (Targets 3, 4 and 5). The Target 2 area was the most compelling target to emerge from the POV and Nuvilik properties and, as such, was prioritized for more detailed interpretation.

Further images related to the geophysical interpretation are presented in Appendix 1.

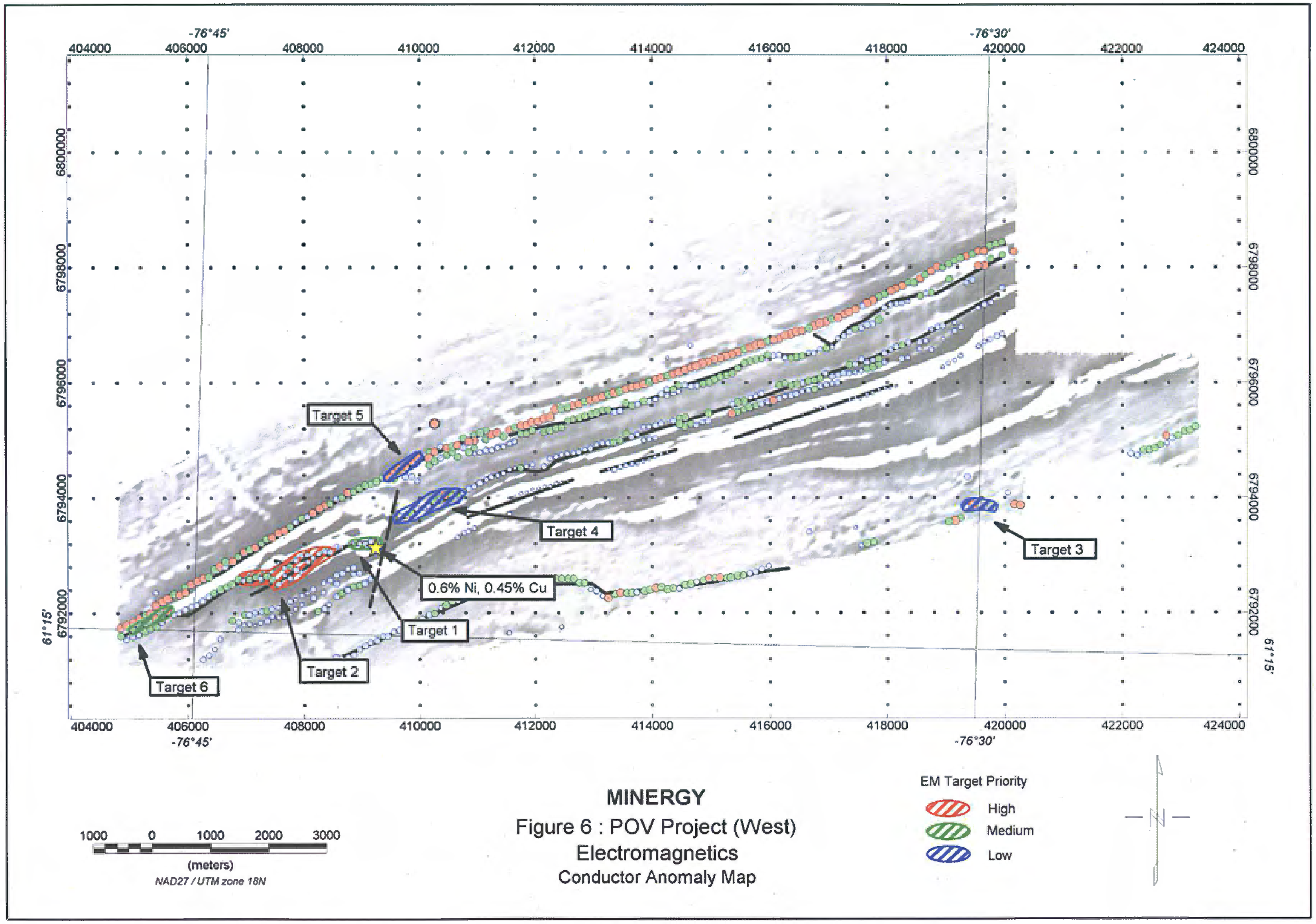


Figure 6 Summary of the geophysical Interpretation of the Western block of the POV license.

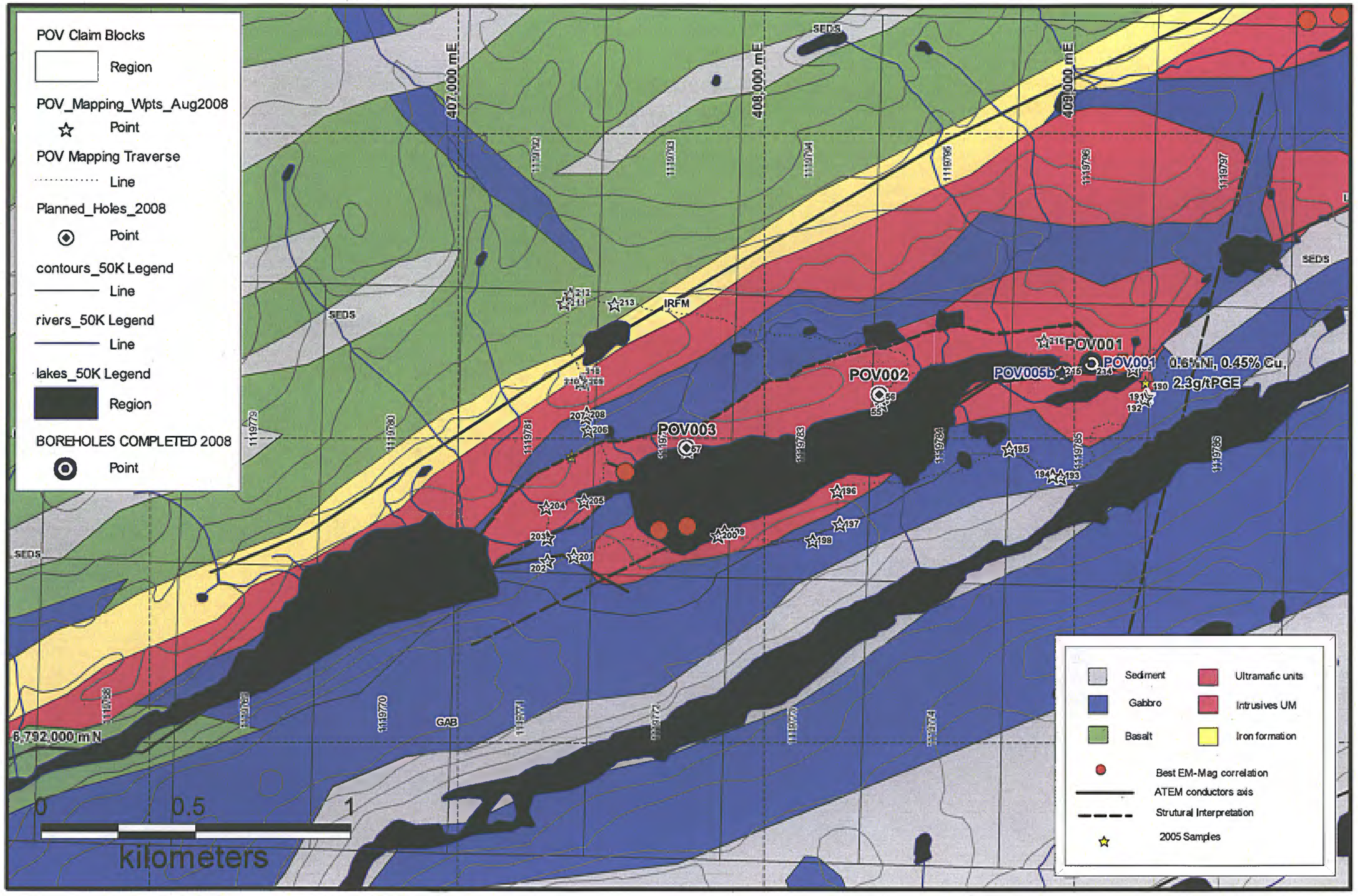


Figure 7 POV Project work completed during 2008. Map shows Falconbridge geology as well as field traverses and borehole sites

Field checking of Falconbridge mapping.

The field mapping and interpretation done by Falconbridge in 2005 was verified in the vicinity of Targets 1 and 2 indentified by the geophysics interpretation (Figure 7). Gossans reported by Falconbridge were verified as were all major lithologies mapped. Based on the accuracy of the Falconbridge mapping, this data set was considered reliable over the whole of the POV Park property.

Detailed geophysical modeling and identification of drill targets

Detailed geophysical modeling was done of the targets within the previously identified Target areas 1 and 2. These are shown in figures 8, 9 and 10 below. The three best conductors POV_2, POV_3 and POV_4 are all located under a lake. Ground geophysics was considered to refine the EM conductors. But given the location of the lakes relative to the conductor axes it was not believed much would be gained by doing the survey in the summer and that a winter survey should be investigated (or at least early in the season when lakes are still frozen and can be traversed over).

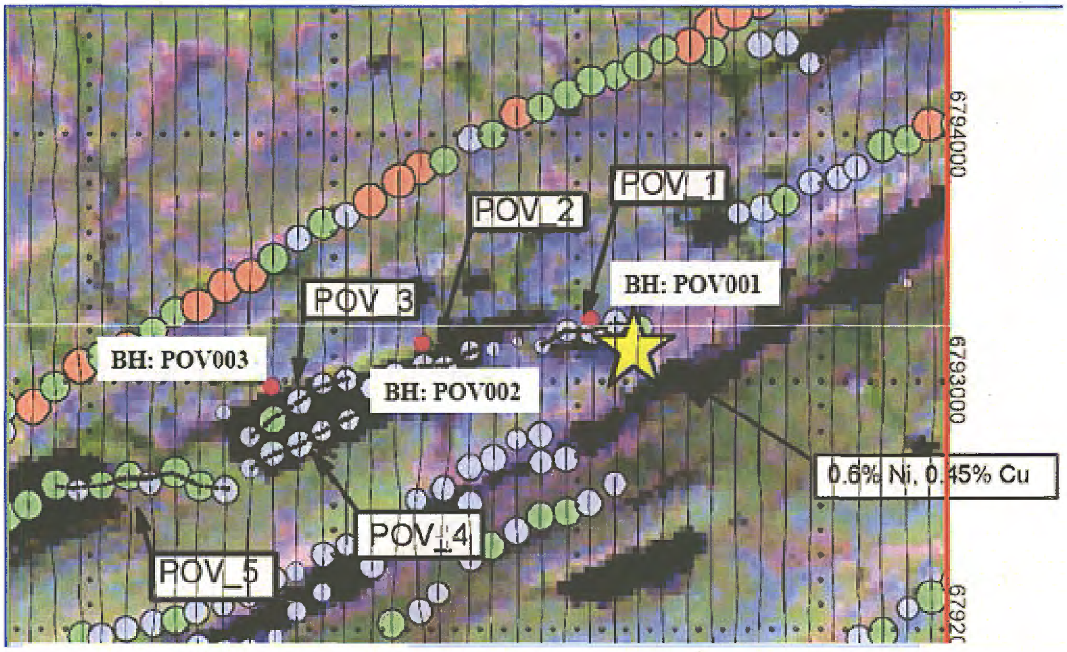


Figure 8 Detailed Conductors with in Target Area 2

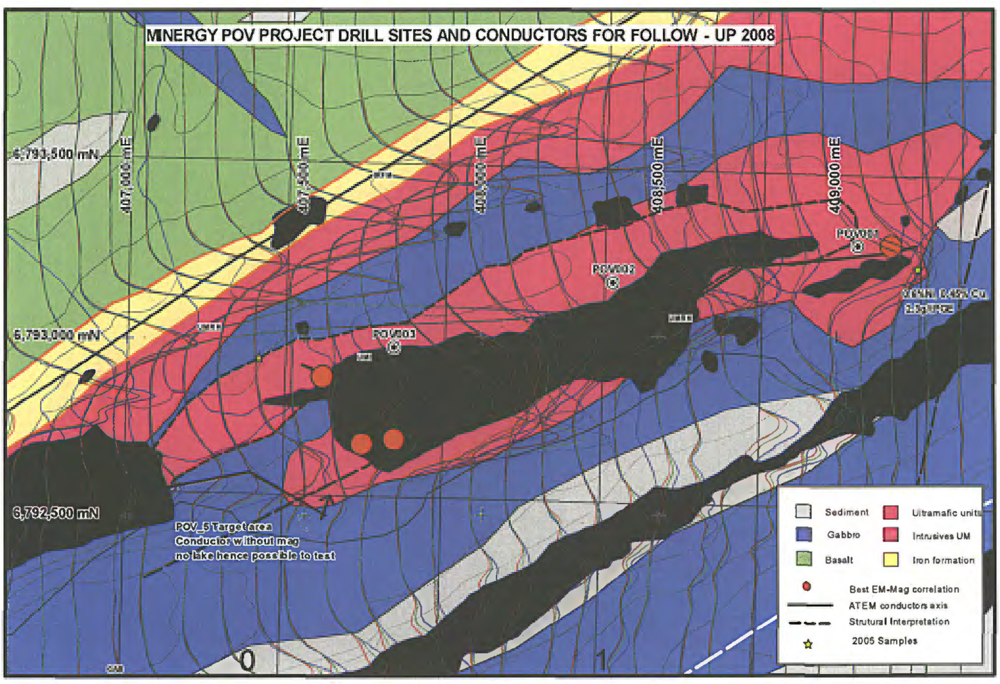


Figure 9 Geology and AeroTEM data over Target Area 2 (showing coincident ultramafic intrusions and conductors as well as NiS showings).

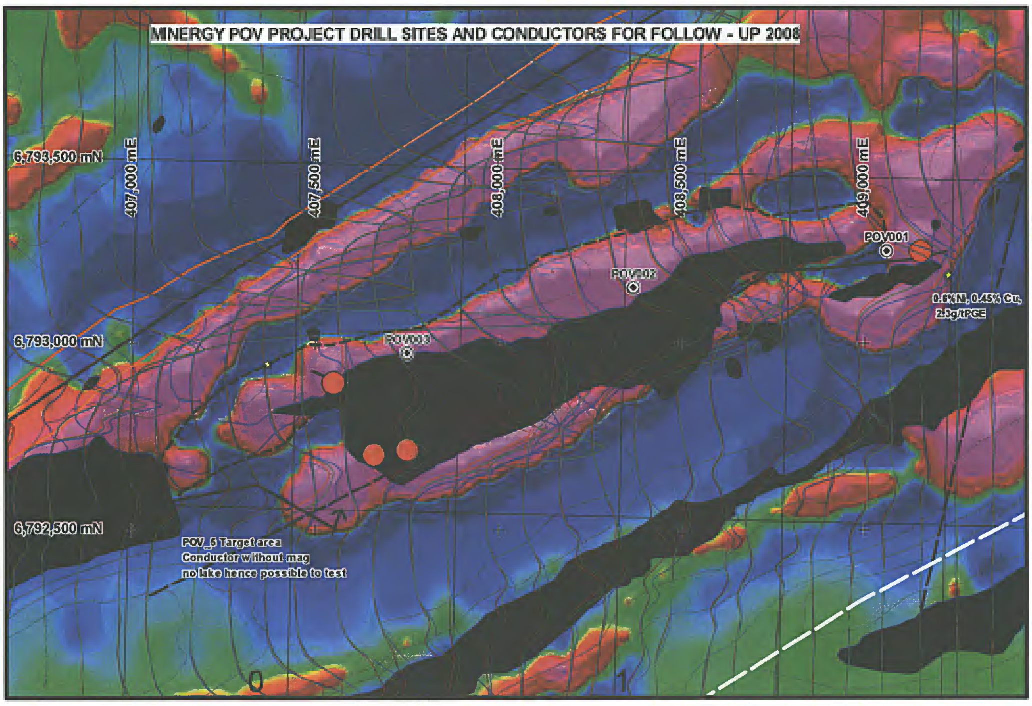


Figure 10 Aeromag and AeroTEM data over Target Area 2 (sites POV_001, 002 and 003 represent some of the initially planned boreholes.

Again, given the position of the lakes, it was initially not considered possible to test the best conductor, POV_4, and conductors POV_3 and POV_2 would have to be tested from the north shore of the lake and would require fairly deep holes of the order of 250m. Conductor POV_1, although not the highest priority could be optimally tested from dry land and hence it was decided to drill test this target first. Target POV_5 was considered of lower priority as it did not have a coincident magnetic anomaly.

Figures 5, 6 and 7 show the modeled conductors and proposed initial drill holes to test the conductors.

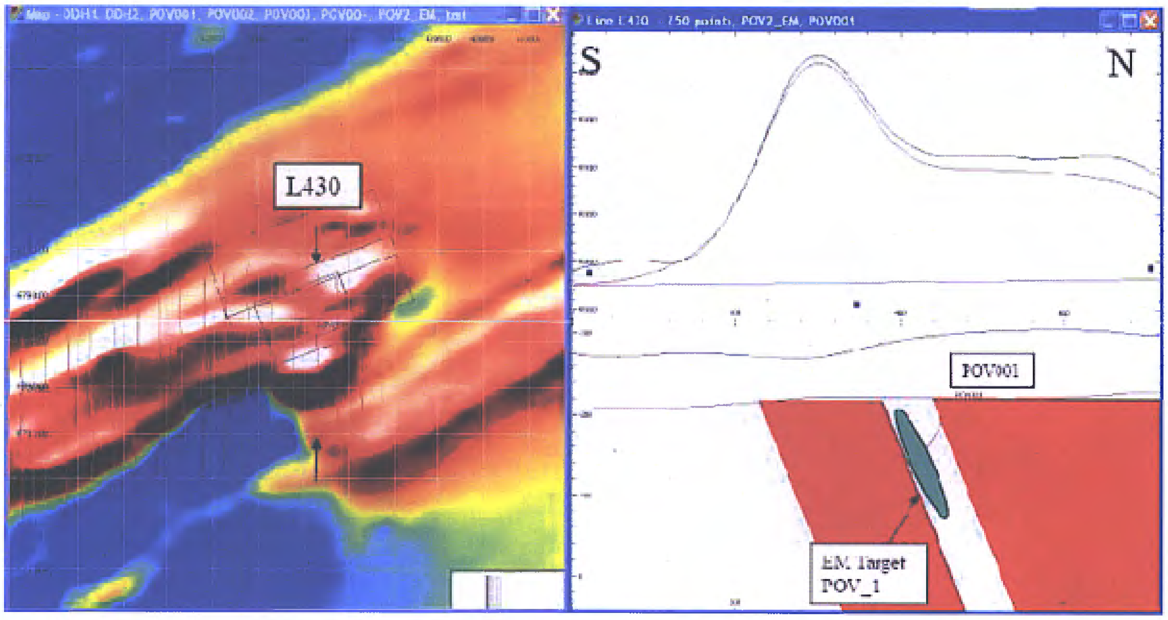


Figure 11 Modeling of conductor POV_1 and test drill hole POV001.

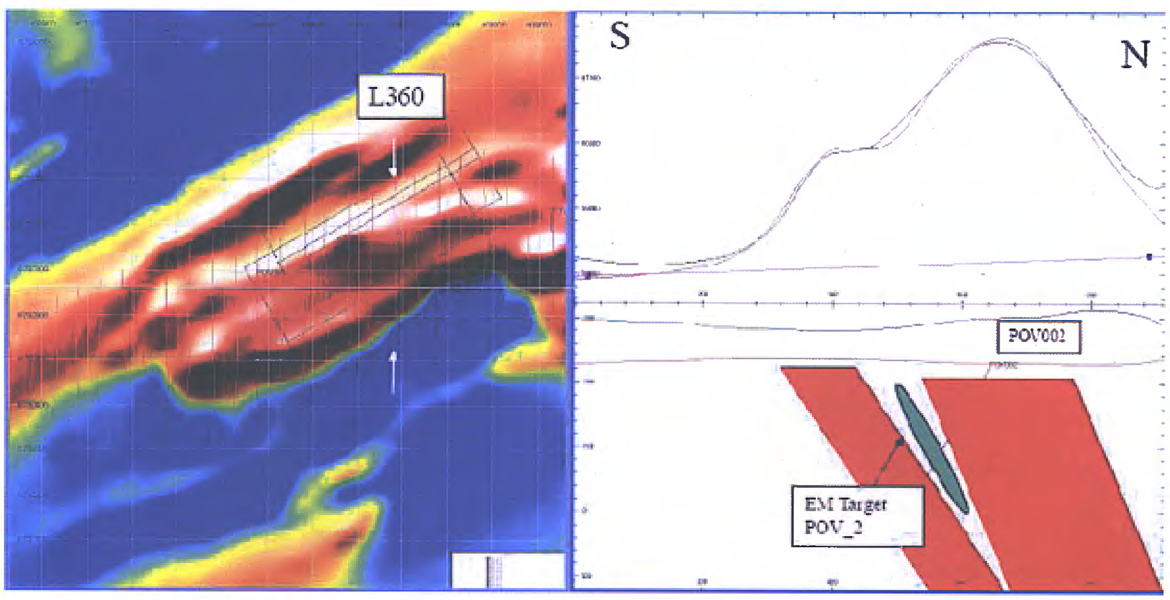


Figure 12 Modeling of conductor POV_2 and test drill hole POV002.

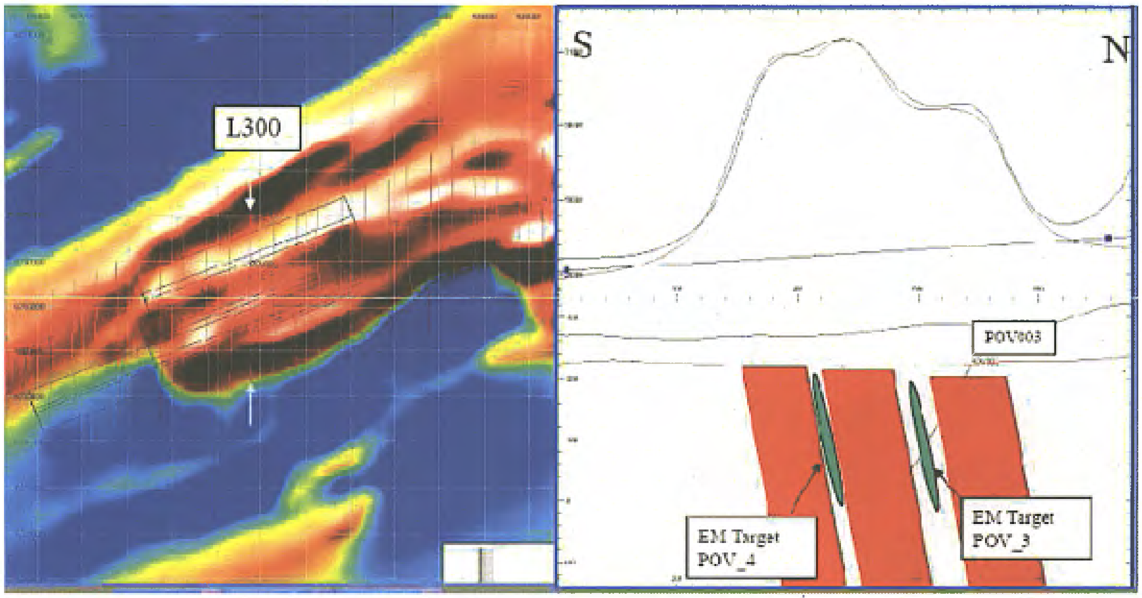


Figure 13 Modeling of conductors POV_3 and POV_4 and test drill hole POV003.

Given that the AeroTEM data has an x,y and z component and that conductors could be well modeled, and given the fact that modern airborne data is accurately controlled with differential GPS positioning it was decided to proceed directly to drilling. This decision was also made in light of the fact that ground geophysics would not be practical until winter and also there was unlikely to be sufficient time for drilling (and analysis of results) in summer 2009 prior to the proposed closure of the park. A drill contractor was sourced through a relationship with GeoScott Exploration Consultants and their related companies.

Having a downhole EM crew was considered, but given the shallow nature of the holes and preferred option to do a ground geophysics survey later, it was not practical to have a crew on standby (should it have been possible to secure a crew during this very busy exploration season).

Three dimensional inversion modeling of the aeromagnetic data was also attempted as this has been very successful in discrimination the various intrusion at Anglo American Exploration Canada's and Knight Resources' Frontier Zone. Should further drilling take place at the POV project and should this result in the discovery of NiS mineralization then this type of analysis will be further advanced.

Drilling

Due to late planning, sourcing drilling contractors was particularly difficult for the 2008 field season. With the help of A1 Geoservices a subsidiary of Abitibi Geophysics of Val D'Or, Québec (who also now own GeoScott Exploration Consultants Inc of St. John's, Newfoundland) a new drilling outfit called Alextreme Drilling was secured. It should be noted that the more established drill operators in the Raglan belt (Major Drilling and Bradley Nuvumiut) were approached on numerous occasions, but were unable to assist with the relatively small proposed program of 1,000m.

Due to restriction on the establishment of a camp in the proposed park area and also because of the time and cost involved and fact that Minergy had not mobilized fuel drums on the sealift, it was necessary to base operations out of the Inuit town of Salluit where both gasoline (require for the drill rig) and Jet A1 (for the helicopter) were available. Despite Salluit being ~115km from the drill sites, if drilling was to be done during 2008, this base of operation was the only option.

The drill crew was mobilized to Salluit on 19 July, the helicopter on 21 July and drilling equipment over several cargo flights and logistical difficulties between 22 and 31 July. Drilling began on 1 August.

Minergy's drilling plans for 2008 included both testing the conductors on the POV property and also to then test conductors on the Nuvilik project – mobilization costs are therefore shared between these two projects and are spread across the claims.

Drilling started on hole POV001 to test conductor POV_1 (Figure 7). The hole was completed to 153.00m and intersected only serpentinised ultramafic lithologies (probably peridotite). An altered zone intersected in the hole may be weakly conductive, but is not considered that this could explain the AeroTEM conductor. After not explaining the conductor in the first hole, it was decided to re-examine the EM data in the vicinity of POV_1 and to select a further, shallower target to test rather than to try testing POV_2 and POV_3 (proposed holes POV002 and POV003) which would have been deeper holes.

Site POV005b 100m west of POV001 was then selected for further drill testing of conductor POV_1 (Figure 7). Hole POV005b was drilled from 7 August 2008 to 10 August 2008 and also only intersected ultramafic lithologies. Again nothing in the hole could explain the conductor. Attempts at this late stage to try source a downhole EM crew were unsuccessful. The locations of holes POV001 and POV005b are shown in Figure 14.

Collar information for the boreholes is provided in Table 2 below with complete logs provided in Appendix 2.

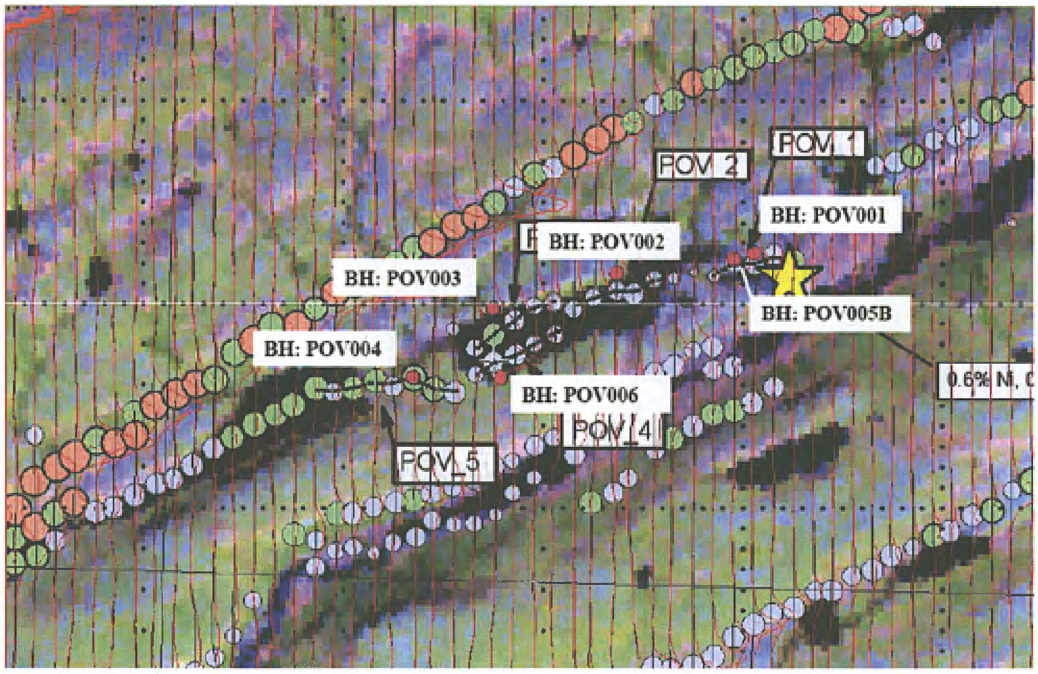


Figure 14 Location of drill holes POV001 and POV005B.

At this point conductor POV_4 had been revisited and a site to test the conductor from the south side of the lake had been proposed. Again this hole would have to be fairly deep and would be drilling sub parallel to the modeled conductor. The modeled section for POV_4 and proposed test drill hole POV006 are shown in Figure 15.

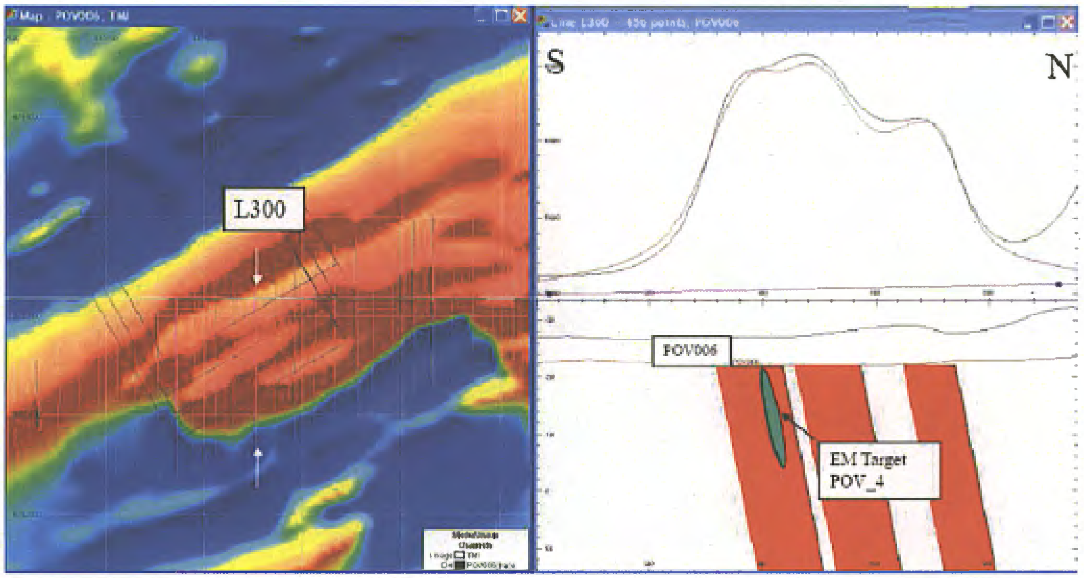


Figure 15 Section through conductor POV_4 and proposed drill hole from south side of the lake.

Given the facts that the program had been going very slowly, that helicopter time was now going over budget and that the remaining targets were difficult to test, and further there were now questions regarding the accuracy of the EM data, it was decided to terminate the program on 11 August. Five further days were required for demobilization.

As no mineralization worthy of sampling was intersected in either of the holes no assay samples were collected, however a selection of samples were collected for potential magnetic susceptibility test work which will further assist in refining further modeling of the aeromagnetic data. These samples are presently with Minergy in South Africa and will be submitted for analysis once certainty on the future of the license is obtained.

All the core was photographed and is currently stored in crates at the Qaqqalik Land Holding Corporations warehouse site in Salluit.

A summary of the collar information for the two boreholes completed is presented in Table 3 below:

Table 3. Summary collar information for POV drilling 2008.

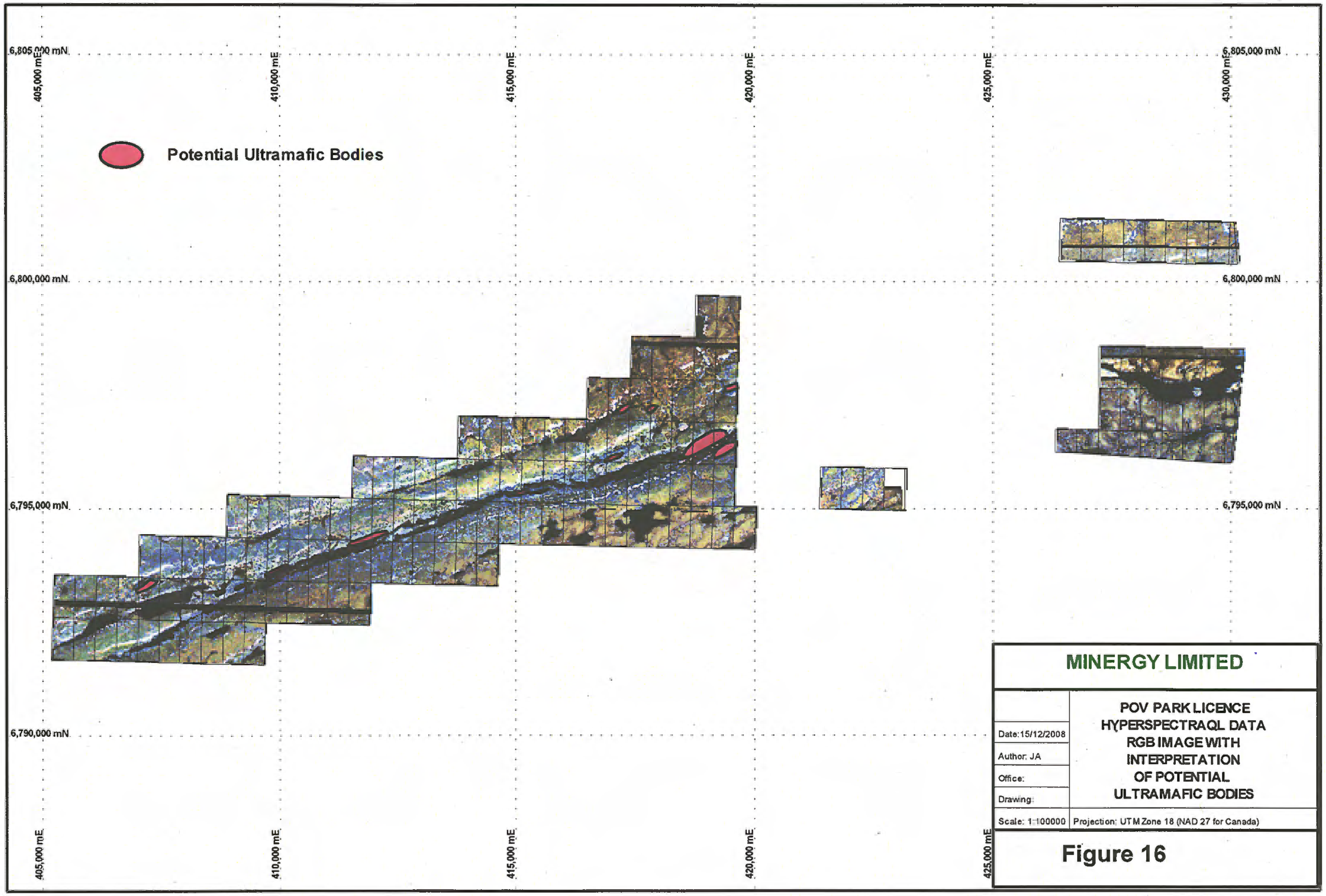
Hole_ID	Easting	Northing	MAMSL	Azimuth	Inclination	EOH	Core_Size	Date_Start	Date_End	Logged_By	Mineralisation_Intersected	Geological_Assessment_General	Conductors
POV001	409,062	6,793,250	205	180	60	153.00	AQ	2008/08/01	2008/08/07	T Loader	None	Entire hole drilled altered ultramafics, variable alteration, no significant sulphides	No obvious conductors - possible that highly altered zone between 63.29 and 66.20 might be conductive
POV005b	408,964	6,793,221	205	180	60	99.00	AQ	2008/08/07	2008/08/10	J Astrup	Only very minor diss S at 35.26 and 87.19m	Entire hole in Ultramafic rock variably altered	Nothing intersected in the hole that might explain the AEROTEM Conductor

Projection UTM, Z18, NAD27 Canada, Positions with hand held GPS

Hyperspectral Data

In November 2008 a selection of processed hyperspectral images were obtained from Xstrata Nickel. The hyperspectral data had previously been collected by Falconbridge and unfortunately no report giving details of the exact processing done was avaialble. The hyperspectral data is particularly useful as it covers the entire license and can highlight anomalies that might be indicative of outcropping ultramafic rocks and also gossans. The hyperspectral data also provides a good aerial image of the property.

In a basic review of the imagery provided by Xstrata Nickel the manipulations to highlight ultramafic lithologies were found to be most useful and have identified several large potential ultramafic intrusions that should be followed up in the field. Figure 16 shows the interpreted ultramafic anomalies on a basic RGB image, while Figure 17 shows the manipulation to identify ultramafic lithologies. Should field checking verify some of the larger anomalies there are several smaller ones evident on Figure 17 that could also be investigated.


Potential Ultramafic Bodies
6,805,000 mN
6,800,000 mN
6,795,000 mN
6,790,000 mN
405,000 mE
410,000 mE
415,000 mE
420,000 mE
425,000 mE
430,000 mE
MINERGY LIMITED
POV PARK LICENCE
HYPERSPECTRAQL DATA
RGB IMAGE WITH
INTERPRETATION
OF POTENTIAL
ULTRAMAFIC BODIES
Date:15/12/2008
Author: JA
Office:
Drawing:
Scale: 1:100000
Projection: UTM Zone 18 (NAD 27 for Canada)
Figure 16

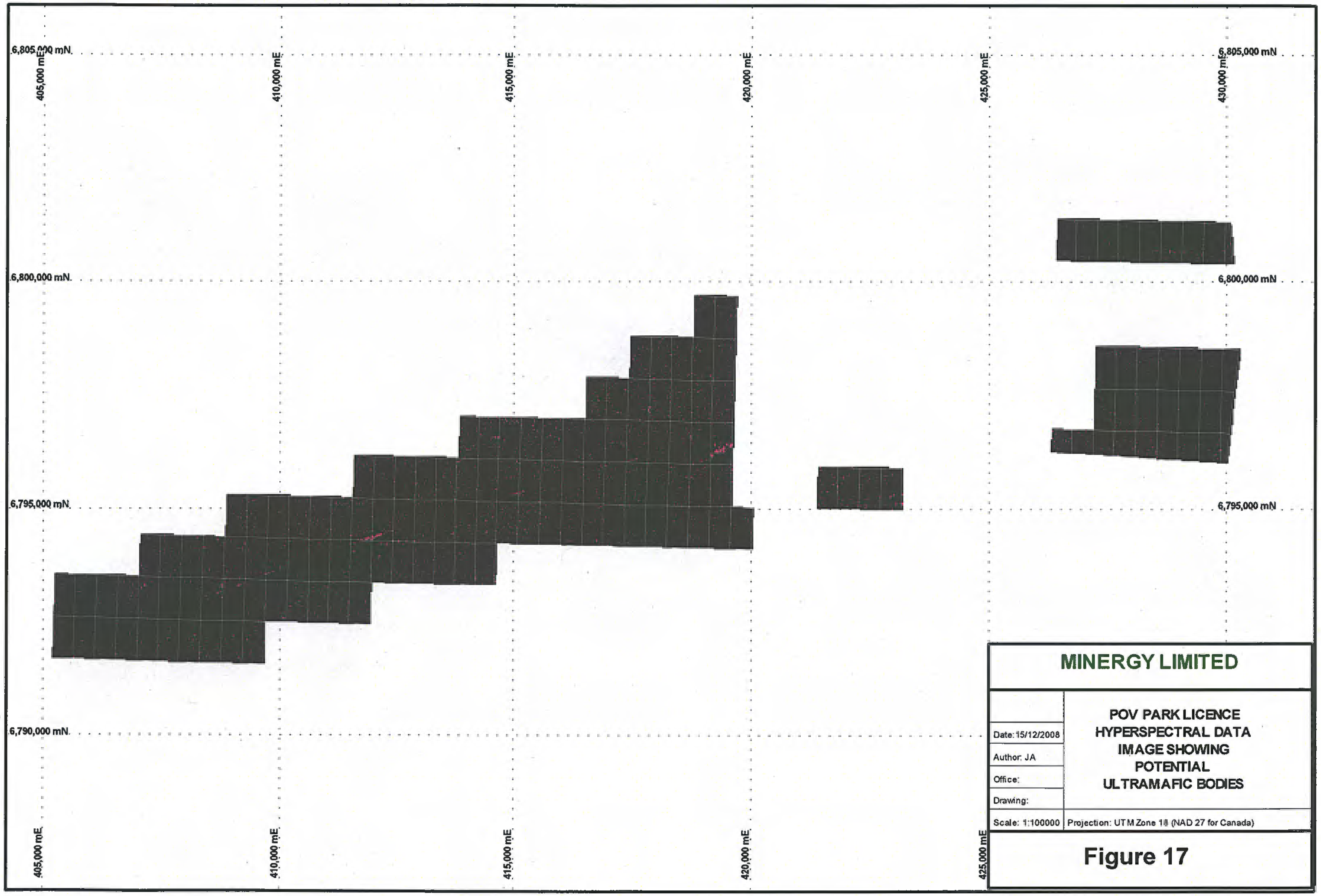

6,805,000 mN.
6,800,000 mN.
6,795,000 mN.
6,790,000 mN.
405,000 mE
410,000 mE
415,000 mE
420,000 mE
425,000 mE
430,000 mE
MINERGY LIMITED
Date: 15/12/2008
Author: JA
Office:
Drawing:
Scale: 1:100000
POV PARK LICENCE
HYPERSPECTRAL DATA
IMAGE SHOWING
POTENTIAL
ULTRAMAFIC BODIES
Projection: UTM Zone 18 (NAD 27 for Canada)

Figure 17

Expenditure

The total expenditures of the exploration work conducted in 2008 on the POV Park Property amounted to **$478,959.11.** The total expenditures include the drilling cost specific to the individual claims where drilling took place, general survey costs have been shared between all claim blocks as have a portion of the general costs (mobilization, standby time, jet fuel and accommodation). The statement of the expenditures is summarized in Table 4. Distribution of the expenditure on individual claims is presented in Appendix 3.

Table 4: Summary of POV Park expenditures for 2008

POV PARK PROJECT - EXPENDITURE MAY 2008 TO DECEMBER 2008
ALL AMOUNTS IN CANADIAN DOLLARS

Department	Account Subtotal	Project Code	Department Code	Account Code	Expenditure
GEOLOGY					
	Subtotal Salaries and Wages	C003	001	001	2,000.00
	Subtotal Helicopter	C003	001	007	3,600.00
TOTAL GEOLOGY		**C003**	**001**		**5,600.00**
DRILLING					
	Subtotal Salaries and Wages	C003	005	001	10,750.00
	Subtotal Consultants/Contractors	C003	005	002	8,886.85
	Subtotal Field Expneses	C003	005	003	3,214.63
	Subtotal Contractors / Drilling Costs	C003	005	004	52,441.31
	Subtotal Transportation	C003	005	006	2,776.67
	Subtotal Helicopter	C003	005	007	163,096.88
	Subtotal Truck Rental	C003	005	008	1,749.86
	Subtotal Accommodation and Meals	C003	005	009	21,587.32
	Subtotal Charter Freight Services	C003	005	010	20,250.00
	Subtotal Logistyics Facilitator fees	C003	005	012	16,875.00
TOTAL DRILLING		**C003**	**005**		**301,628.52**
MOBILISATION					
	Subtotal Contractors Mobilisation Costs	C003	005	011	155,896.88
TOTAL MOBILISATION		**C003**	**005**		**155,896.88**
TECHNICAL ASSESSMENTS					
	Subtotal Technical Assesements	C003	010		10,366.66
TOTAL TECHNICAL ASSESSMENTS		**C003**	**010**		**10,366.66**
OVERHEADS, ADMINISTRATION, LEGAL, COMMUNITY					
	Subtotal Overheads, Administration, Legal, Community	C003	013		5,467.06
TOTAL OVERHEADS, ADMINISTRATION, LEGAL, COMMUNITY					**5,467.06**
GRAND TOTAL - POV PROJECT					**478,959.11**

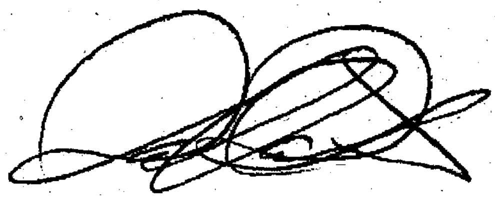
Conclusion and recommendation

Conductors are associated with ultramafic intrusions which contain nickel showings on surface. Drilling of the best targets was hampered by the presence of lakes. In the drill tested targets drill tested serpentinised ultramafic rocks were intersected but, unfortunately, conductors were not explained. The program was stopped short of the planned 1,000m of drilling because of slow drilling and cost overruns. Also, ground geophysics is recommended prior to further drilling to confirm the exact location of conductors and magnetic features on a ground-controlled grid. Ground EM will allow for better modeling of conductors for drill testing and hence more optimally sited drill holes. It is Minergy's belief that the conductors on the POV license represent some of the most compelling NiS targets in the entire option/JV land package.

Further work on POV will be dependent on resolving the "Park" issue and retaining the license. Prior to further drilling however, ground EM and Mag surveys should be conducted to confirm the location of the conductors and potentially their depth extensions (this may provide dry land sites from which to test depth extensions of some of the better conductors identified from the AeroTEM data). The most optimal positions from which to test the conductors should then be modeled and the best position to test these conductors should be investigated. Based on the current data it would be most optimal to test the best conductors from over the lake once it freezes. Preliminary enquiries suggest that winter drilling in the Raglan belt is virtually impossible and that only Xstrata is able to drill early in the season by trucking heated and salted water to drill sites. Drilling off a floating barge in an option than needs further investigation.

The conductors present on the POV license are highly prospective and have NOT yet been explained.

Further work to explain the conductors at POV is warranted but needs careful planning prior to the next phase of drilling.



Dallas W. Davis, géo., l'autorisation spéciale numéro 114, Ordre des géologues du Québec and

John Astrup, M.Sc. Pr Sci. Nat. Reg No. 400030/97

References

Barnes, S.-J. & Giovenazzo, D., 1990. Platinum-Group elements in the Bravo intrusion, Cape Smith fold belt, Northern Quebec. Canadian Mineralogist, vol. 28, pp. 431- 449.

Bédard, J.H., Francis, D.M., Hynes, A.J., and Nadeau, S., 1984. Fractionation in the feeder system at a Proterozoic rifted margin. Canadian Journal of Earth Sciences, v. 21, p. 489-499.

Bergeron, R., 1959. Povungnituk Range area, New Quebec. Québec Department of Mines, Preliminary Report 392 and Preliminary Map 1279.

Burnham, O.M., Lesher, C.M., Keays, R.R., 1999. Geochemistry and Petrogenesis of Mafic-Ultramafic Complexes and Associated Basalts in the Raglan Block. Chapter 16 *in* C.M. Lesher (Editor), Komatiitic Peridotite-Hosted Ni-Cu-(PGE) Deposits of the Raglan Area, Cape Smith Belt, New Québec. Guidebook Series, v. 2, Mineral Exploration Research Centre, Laurentian University, Sudbury, p.159-176.

Bégin, N.J., 1989. P-T conditions of metamorphism inferred from metabasites of the Cape Smith Belt, northern Quebec. Geoscience Canada, v. 16, no. 3, p. 151-154.

Coats, C.J.A., 1982. Geology and nickel sulfide deposits of the Raglan Area, Ungava, Quebec. Société Minière Raglan du Québec Ltée., Internal Report, 112p.

Francis, D.M., and Hynes, A.J., 1979. Komatiite-derived tholeiites in the Proterozoic of New Quebec. Earth and Planetary Science Letters, v. 44, p. 473-481.

Francis, D.M., Hynes, A.J. Ludden, J.N. & Bedard, J. 1981. Crystal fractionation and Partial melting in the Petrogenesis of a Proterozoic high-MgO volcanic suite, Ungava, Quebec. In Contrib. Mineral Petrol, vol 78, pp. 27-36.

Francis, D.M., Ludden, J. and Hynes, A.J., 1983. Magma evolution in a Proterozoic rifting environment. Journal of Petrology, v. 24, p. 556-582.

Gaonac'h, H. Ludden, J.N. & Picard, C. 1992. Highly alkaline lavas in a Proterozoic rift zone: implications for Precambrian mantle metasomatic processes. In Geology, vol. 20, pp247-250. Hoffman, P.F. 1985. Is the Cape Smith Belt (Northern Quebec) a klippe?. Can Journ Earth Sci. vol.22, pp1361-1369.

Hynes, A.J. and Francis, D.M., 1982. A transect of the early Proterozoic Cape Smith foldbelt, New Québec. Tectonophysics, v. 88, p. 23-59.

Lesher, C.M., 2007. Ni-Cu-(PGE) Deposits in the Raglan Area, Cape Smith Belt, New Quebec, in Goodfellow, W.D., ed., Mineral Deposits of Canada: A synthesis of Major Deposit-Types, District Metallogeny, the evolution of Geological Provinces, and Exploration Methods: Special Publication No. 5, Mineral Deposits Division, Geological Association of Canada, p. 351-386.

Lucas, S.B. 1989. Structural evolution of the Cape Smith Thrust Belt and the role of out- of-sequence faulting in the thickening of mountain belts. In tectonics, vol. 8, nos. 4, pp. 655-676.

Lucas, S.B., St-Onge, M.R., Parrish, R.R., and Dunphy, J.M., 1992. Long-lived continent-ocean interaction in the Early Proterozoic Ungava Orogen, northern Québec, Canada. Geology, v. 20, p. 113-116.

Lucas, S.B., St-Onge, M.R. & Parrish, R.R. 1992. Long lived continent-ocean interaction in the Early Proterozoic Ungava Orogen, northern Quebec, Canada. In Geology, v.20, pp.113-116.

Machado, N., Gariepy, C., Philippe, S., et David, J., 1990. Géochronologie U-Pb du territoire Québécois: Fosse du Labrador et de l'Ungava et sous-province de Pontiac; premier rapport intérimaire; résultats 1989-90. Géotop, Université du Québec à Montréal, p. 25-39.

Parrish, R.P. 1989. U-Pb geochronology of the Cape Smith and Sugluk block, Northern Quebec. Geoscience Canada; vol 16, pp126-130.

Picard, C., Lamothe, D., Piboule, M., and Oliver, R., 1990. Magmatic and geotectonic evolution of a Proterozoic oceanic basin: The Cape Smith Thrust-Fold Belt (New Québec). Precambrian Research, v. 47, p. 223-249.

St-Onge, M. R., Lucas, S.B. 1989. Geology, eastern portion of the Cape Smith Thrust-fold Belt, Parts of Wakeham Bay, Cratere du noueau Quebec and Nuilik lake map areas, Northern Quebec. In Geological survey of Canada, Maps 1721A to 1735A (1:50,000).

St-Onge, M.R., Lucas, S.B., and Parrish, R.R. 1992: Terrane accretion in the internal zone of the Ungava orogen, northern Quebec. Part 1: tectonostratigraphic assemblages and their tectonic implications; Canadian Journal of Earth Sciences, v. 29, p. 746-764.

St-Onge, M.R. and Lucas, S.B., 1993. Geology of the eastern Cape Smith Belt: parts of the Kangiqsujuaq, cratère du Nouveau-Québec, and lacs Nuvilik/NKSmap areas, Québec. Geological Survey of Canada, Memoir 438, 110 pages.

APPENDIX 1

Geophysical interpretation report and images.

E-MAIL NOTES ON POV GEOPHYSICAL INTERPRETATION

Hi John

I have uploaded the POV W images to the file share site. Six targets have been identified:

Target 1 (Medium Prioroity)
Close to Ni occurrence but EM anomaly shape is broad and hence medium priority.

Target 2 (High Priority)
Complex zone with multpile conductors and higher time constants. Along strike from Ni occurrence.

Target 3 (Low Priority)
Discrete zone of good EM conductors.

Target 4 (Low Priority)
Eastern continuation of UM lithologies? EM anomalies maybe lithological.

Target 5 (Low Priority)
Zone of enhanced time constants, however probably lithological.

Zone 6 (Medium Priority)
Zone of high time constants, coincident with magnetic high. However difficult to resolve due to proximity to adjacent conductors.

In some cases it is difficult to determine where to pick the axis of the conductor since this is dependent on the dip and whether it appears to be a thin or thick conductor (thin conductor gives a minimum when the Tx is directly over the top of conductor). Hence ground follow-up is recommended.

Regards

John

John Bell
M.Sc (Mineral Exploration Technologies) (Curtin); Pr. Sci. Nat.
Consulting Geophysicist

P.O. Box 77357
Fontainebleau
2032
South Africa

E-mail: jgbell@iafrica.com

Cell : +27(0)82 7494569
Fax: +27 (0)86 671 6704

Hi John

I selected what I thought were the best EM anomalies over the POV target. These were modelled using a thin plate and a number of boreholes proposed. The results were disappointing in the sense that the modelled dips are shallow, which does not agree with the magnetic models. The fits obtained were also generally poor.

Modelling of the dips relies on matching the amplitude ratio between x- and z-components as well the profile shapes. It is possible that the AeroTEM system is not correctly calibrated and hence this ratio is not preserved during the measurement. I have come across this problem before. Another possibility is that the conductors cannot be represented by a thin sheet and appear "thick" to the EM system. This changes the measured responses significantly.

I suspect the later explanation.

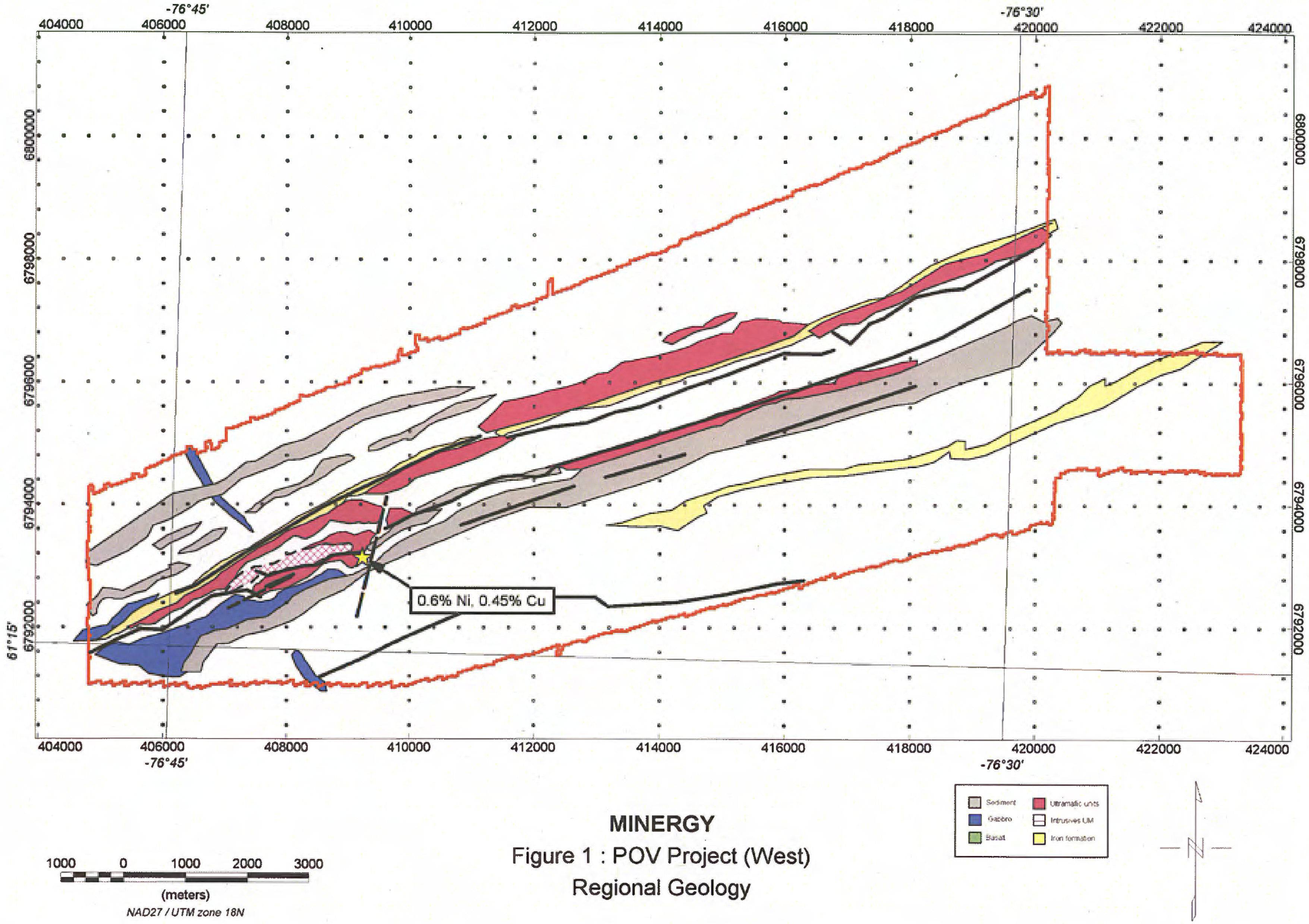
Ground EM will give us some sort of confidence which interpretation is more likely. However, the best way to resolve this problem and test the stratigraphy will be to drill. On the basis of the magnetic models and my best guess EM interpretation, I have proposed a series of BH to test the EM conductors and some of the magnetic stratigraphy. These boreholes will test POV_1 and POV_4 (POV_2 and POV_3 are under lakes).

The magnetic models have steep dips to the north (70° – 90°). This is consistent with the 3D model. The interpreted conductors are located close to the magnetic sources. This is similar to what is observed on the Anglo American project.

Regards

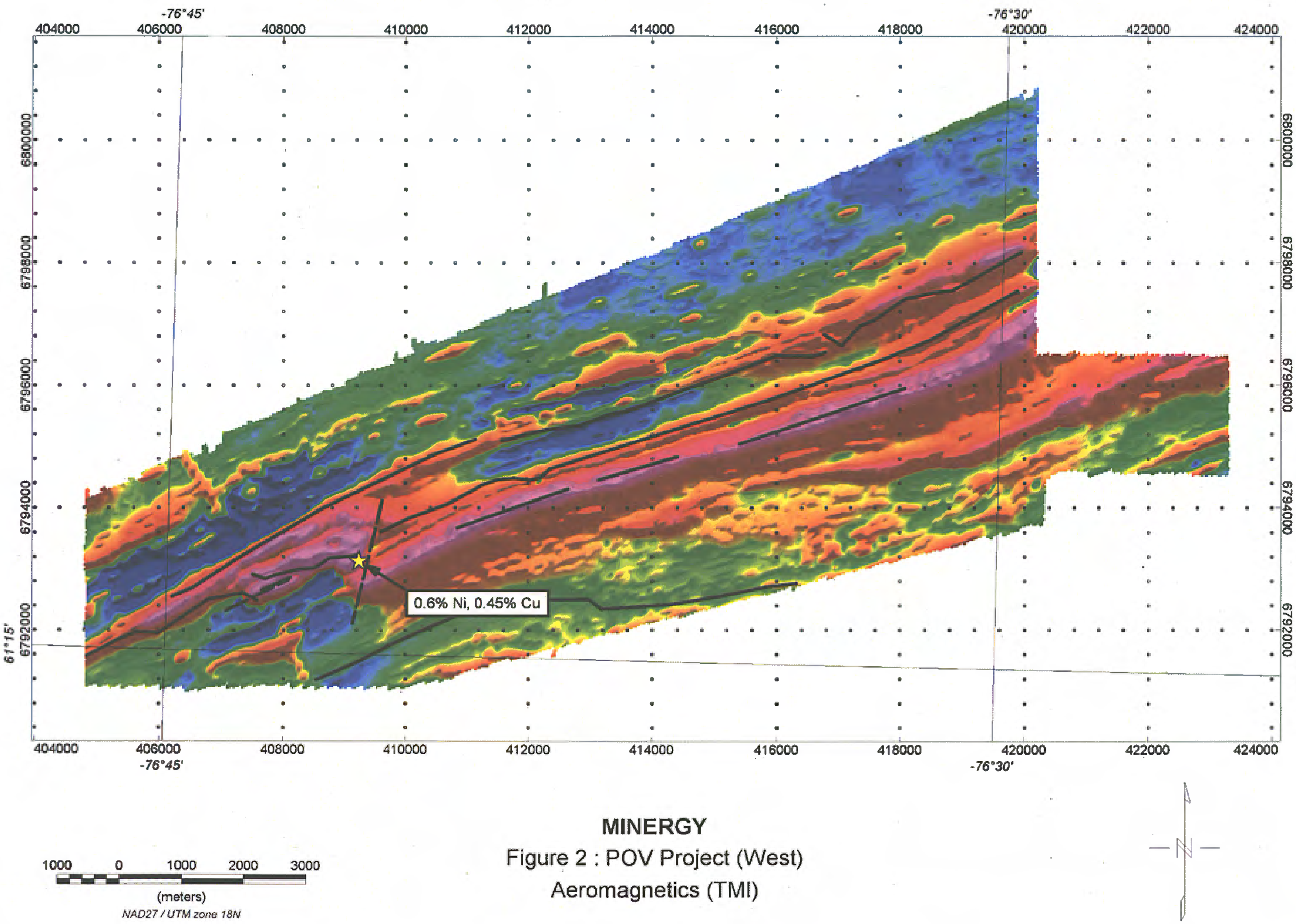
John Bell

8 July 2008



MINERGY

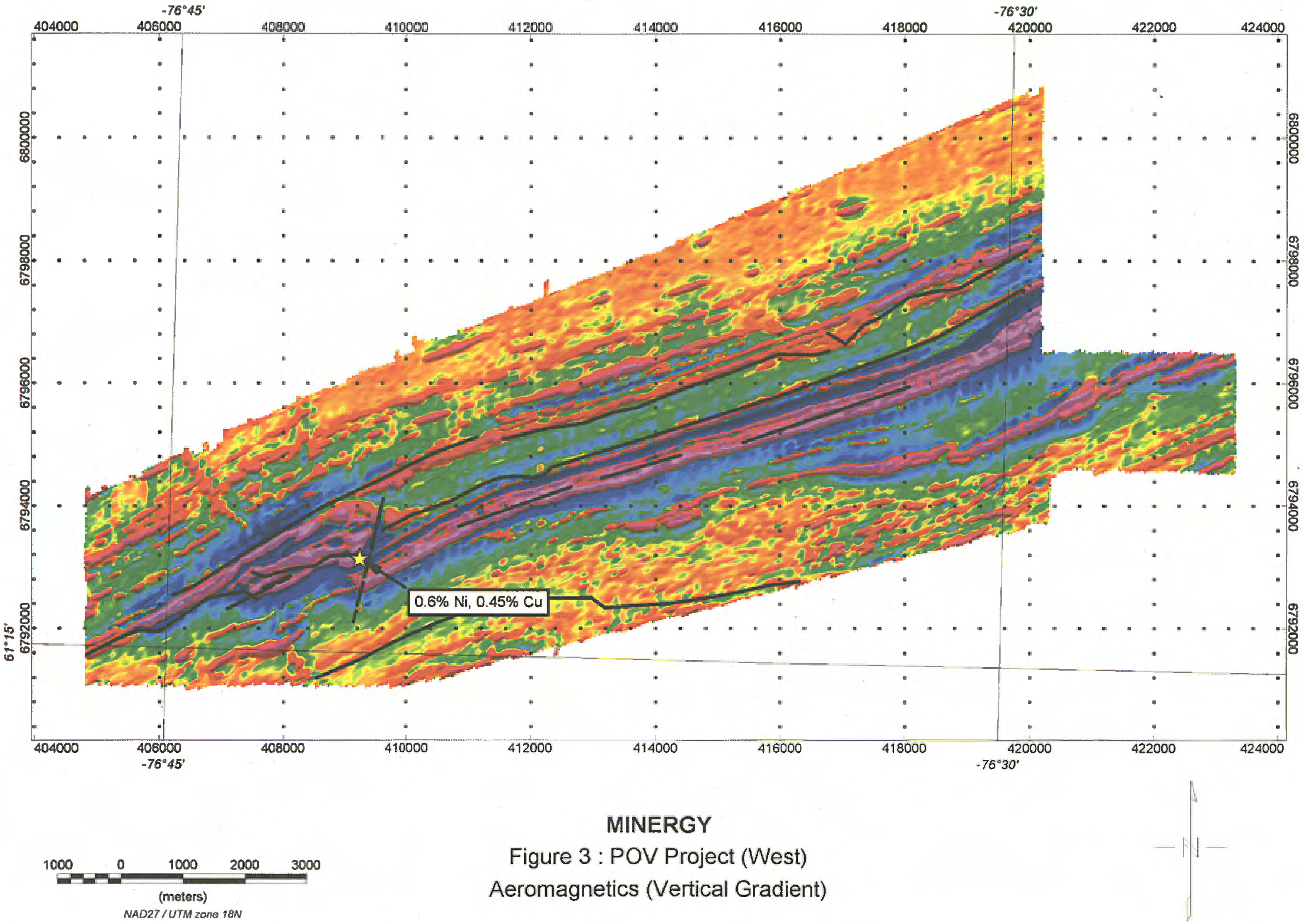
Figure 1 : POV Project (West)
Regional Geology



MINERGY

Figure 2 : POV Project (West)

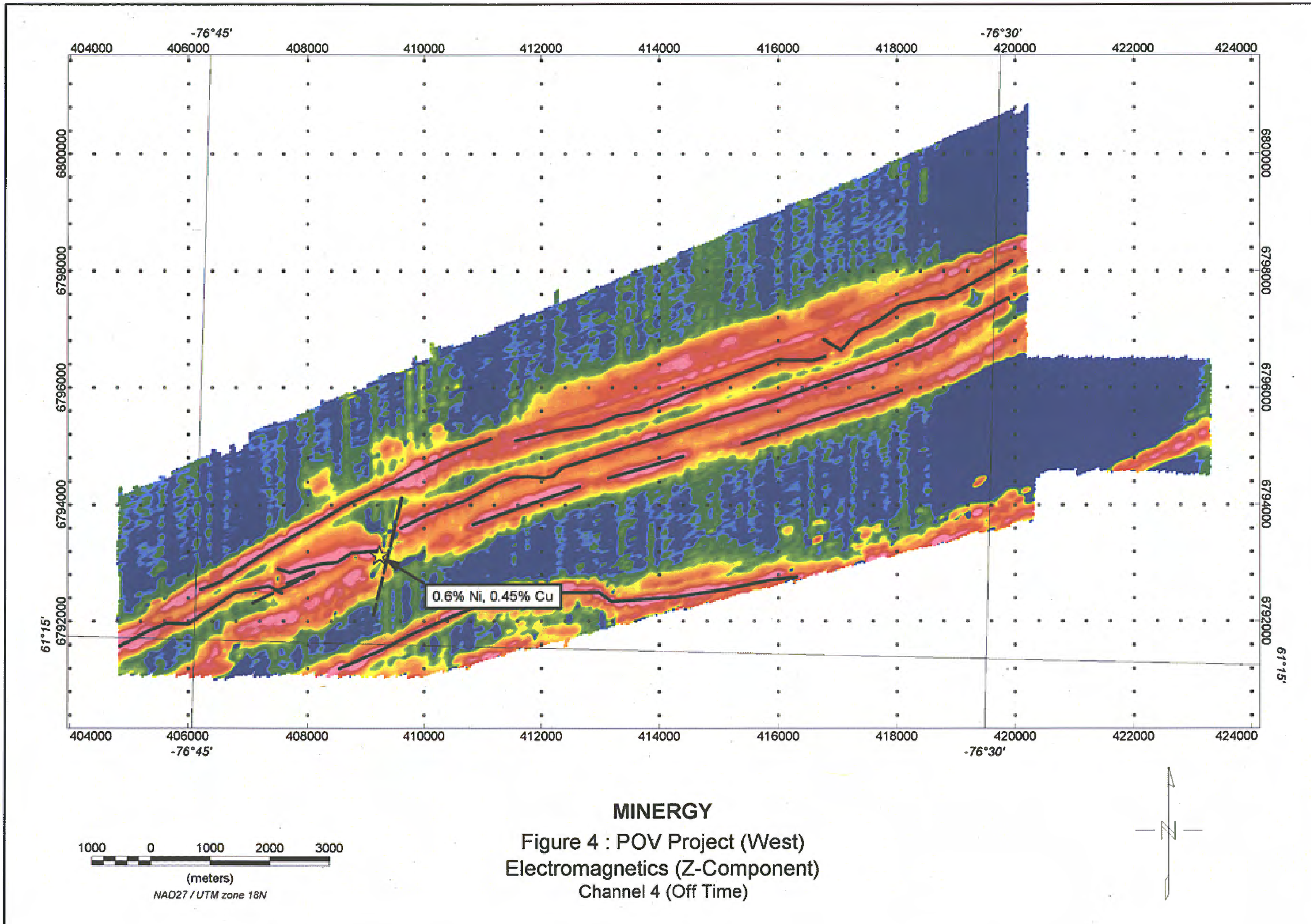
Aeromagnetics (TMI)



MINERGY

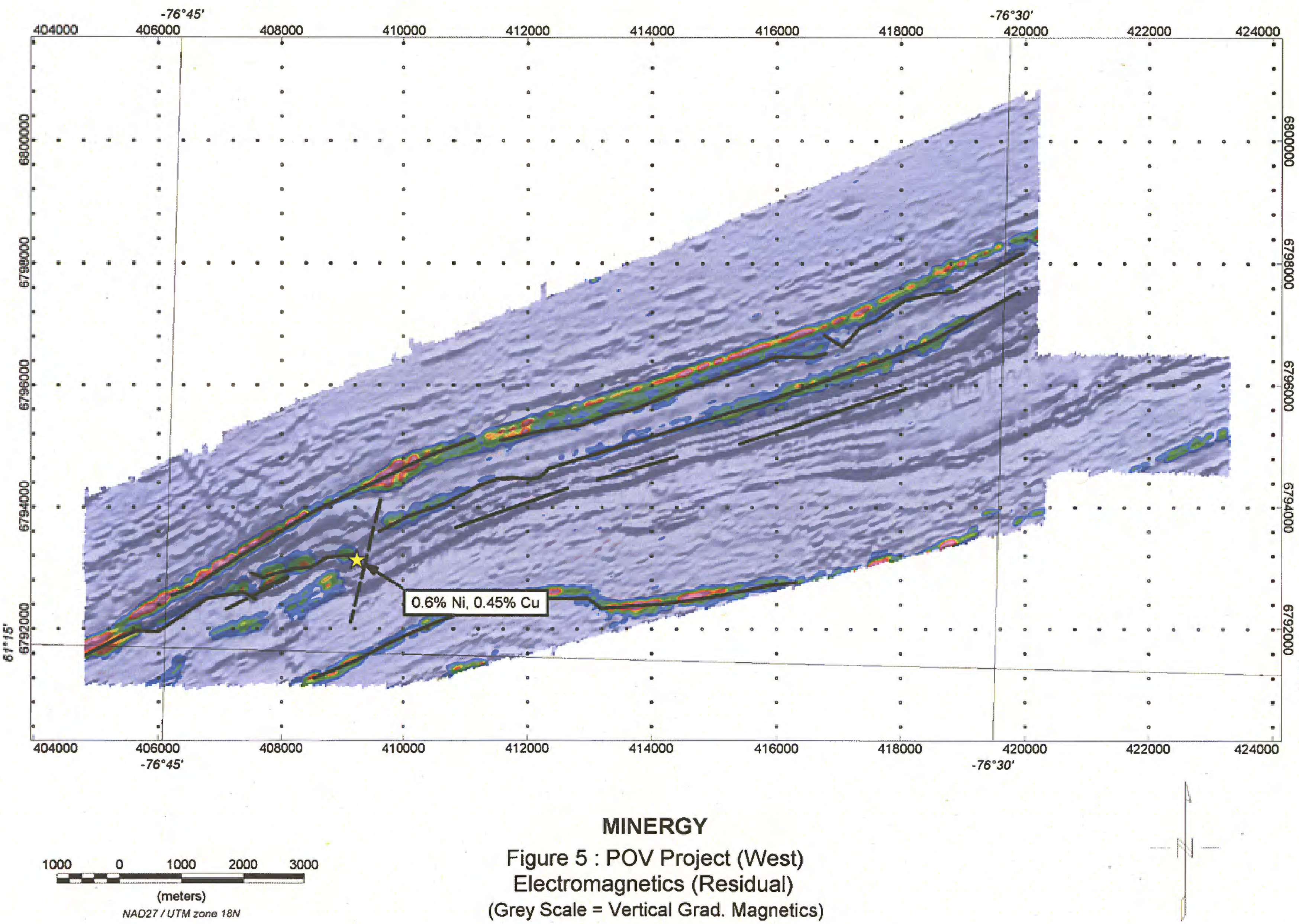
Figure 3 : POV Project (West)

Aeromagnetics (Vertical Gradient)



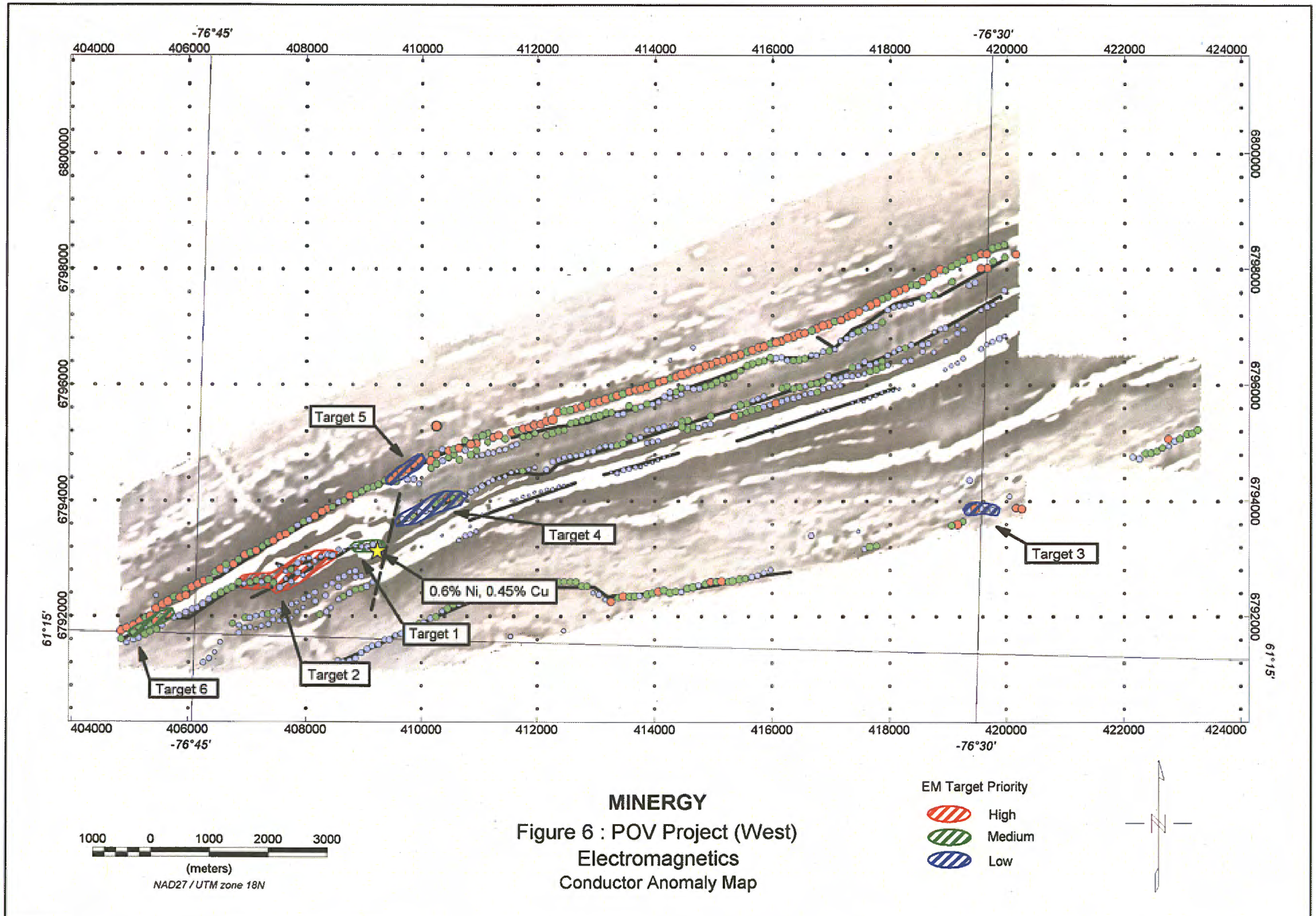
MINERGY

Figure 4 : POV Project (West)
Electromagnetics (Z-Component)
Channel 4 (Off Time)

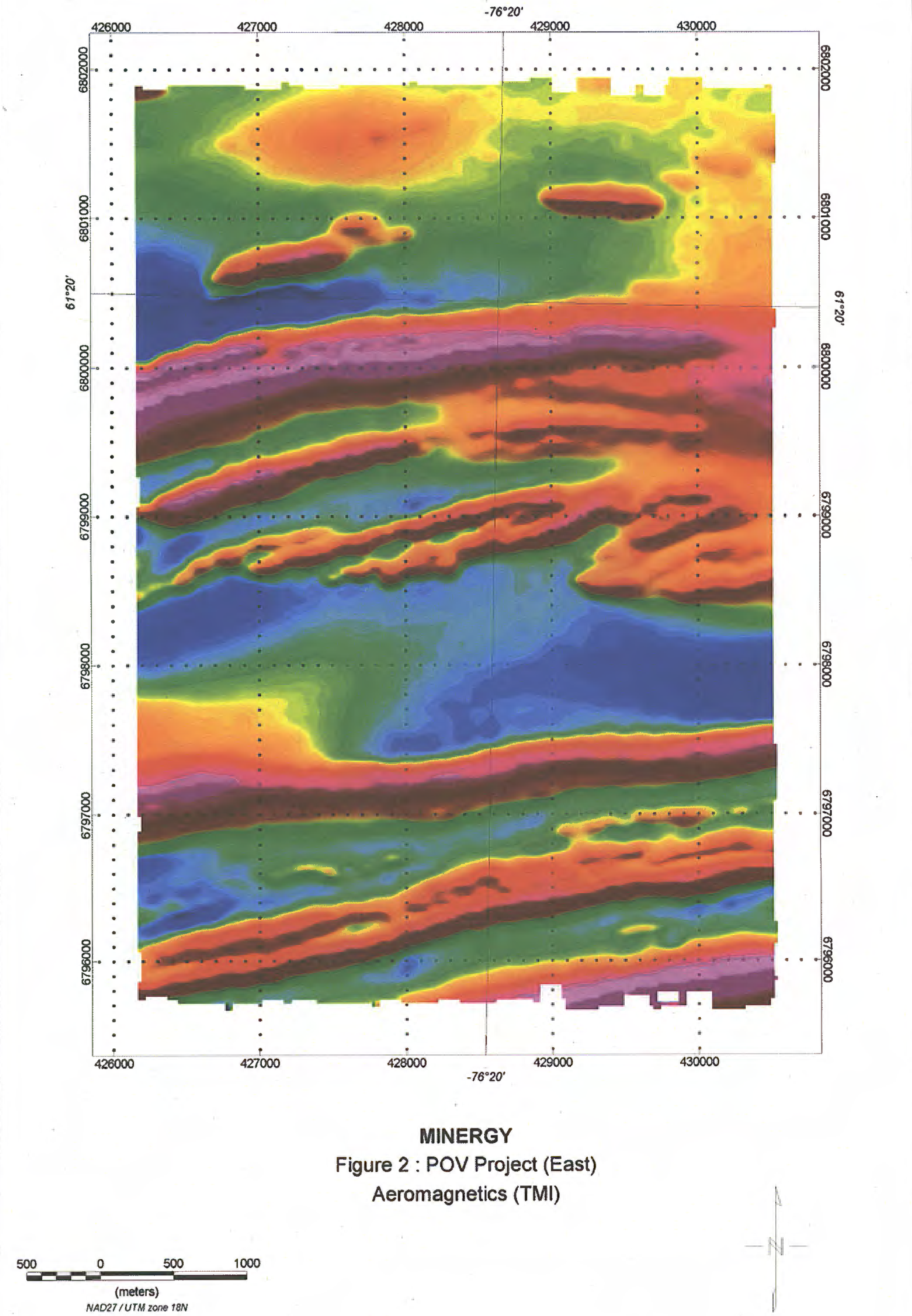


MINERGY

Figure 5 : POV Project (West)
Electromagnetics (Residual)
(Grey Scale = Vertical Grad. Magnetics)

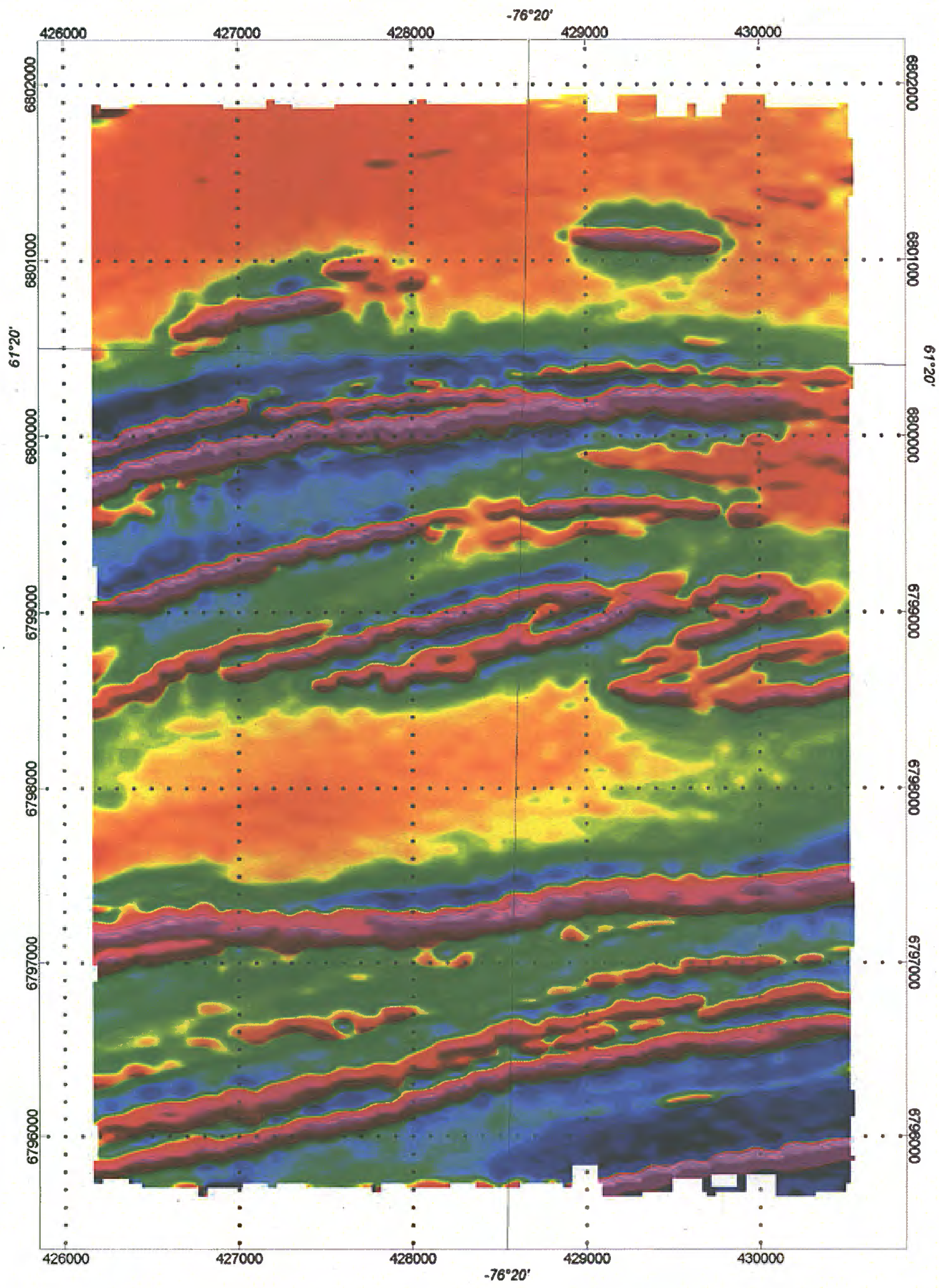


MINERGY
Figure 6 : POV Project (West)
Electromagnetics
Conductor Anomaly Map



MINERGY

Figure 2 : POV Project (East)
Aeromagnetics (TMI)



MINERGY

Figure 3 : POV Project (East)

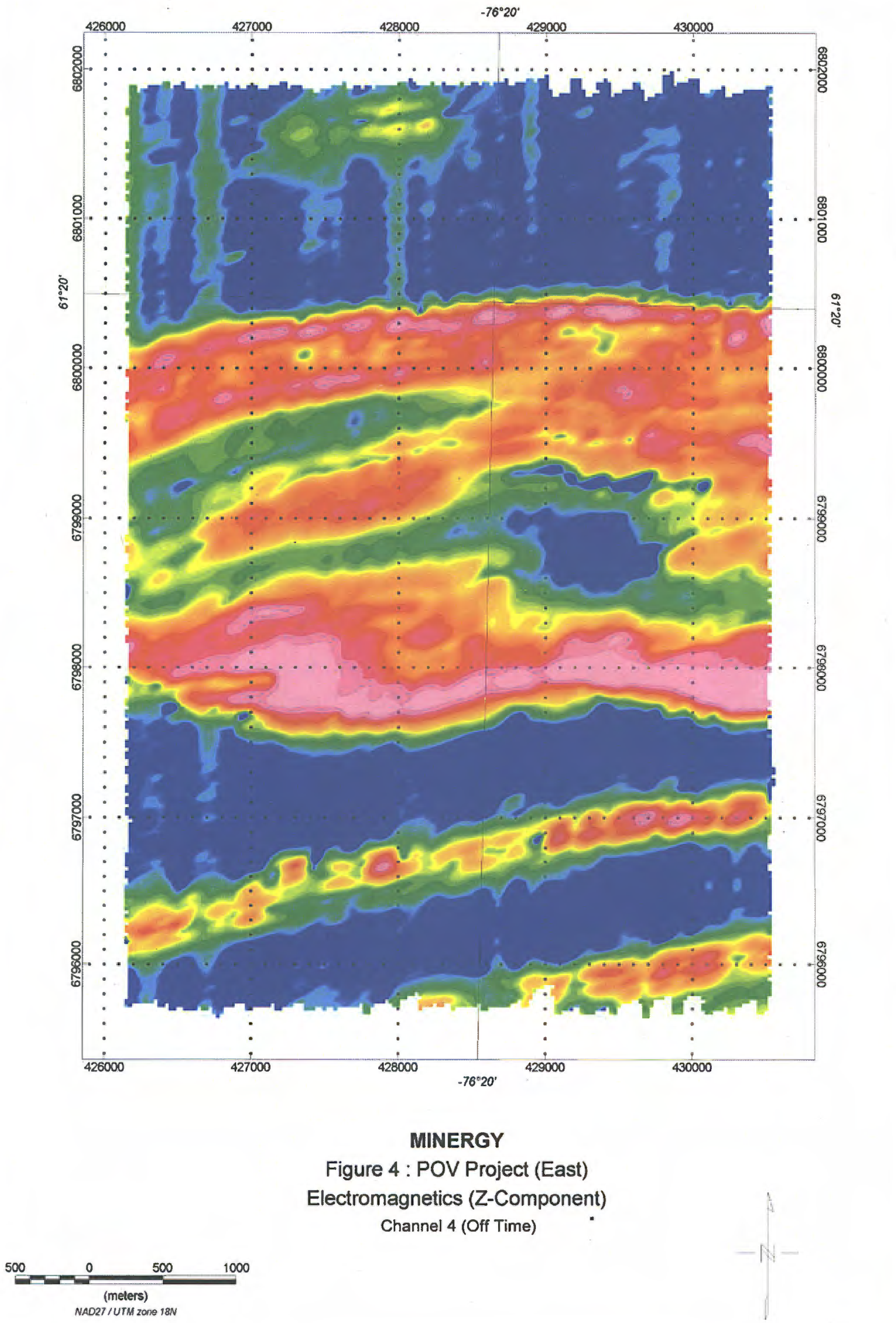
Aeromagnetics (Vertical Gradient)

500 0 500 1000

(meters)

NAD27 / UTM zone 18N

N

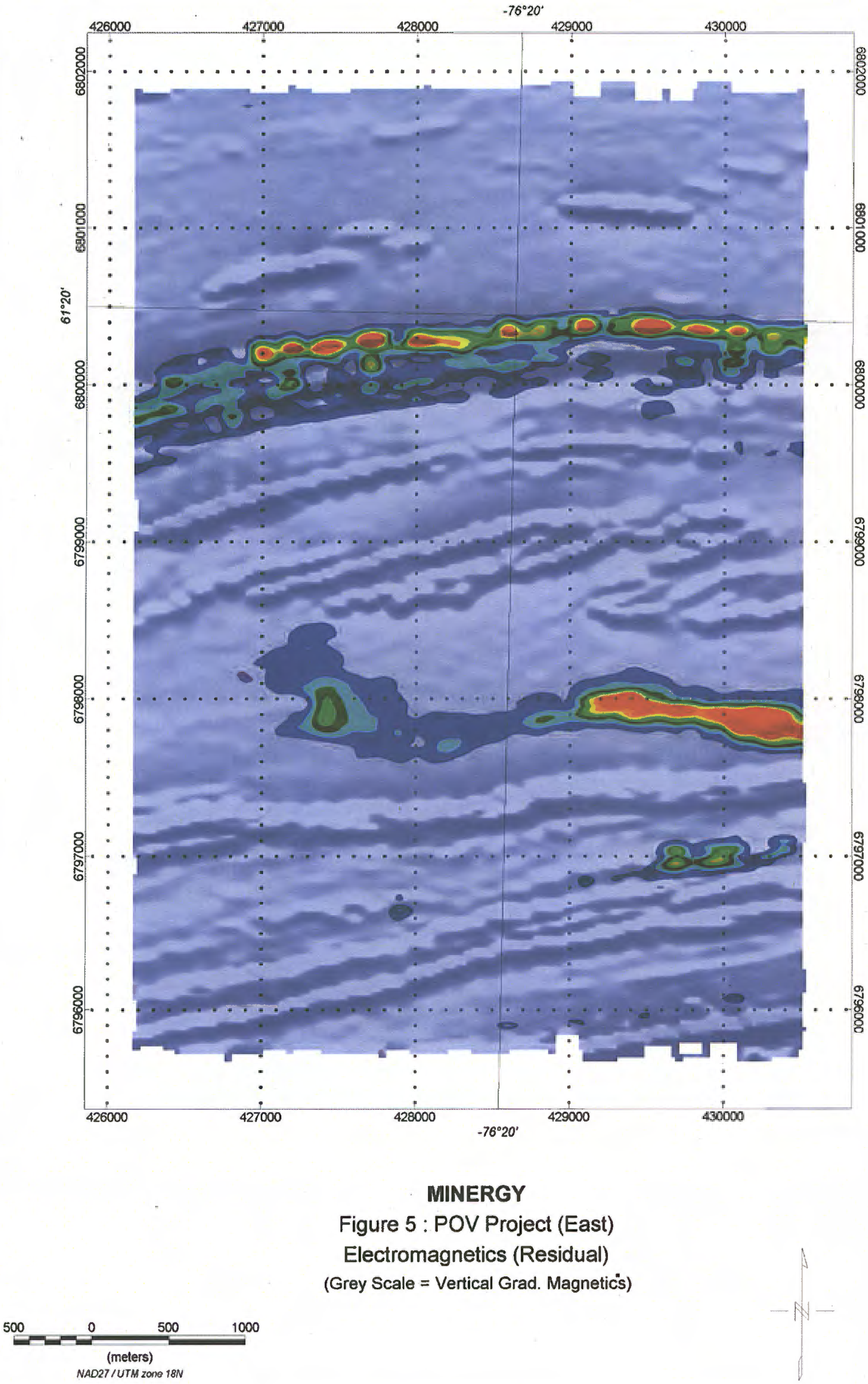


MINERGY

Figure 4 : POV Project (East)

Electromagnetics (Z-Component)

Channel 4 (Off Time)

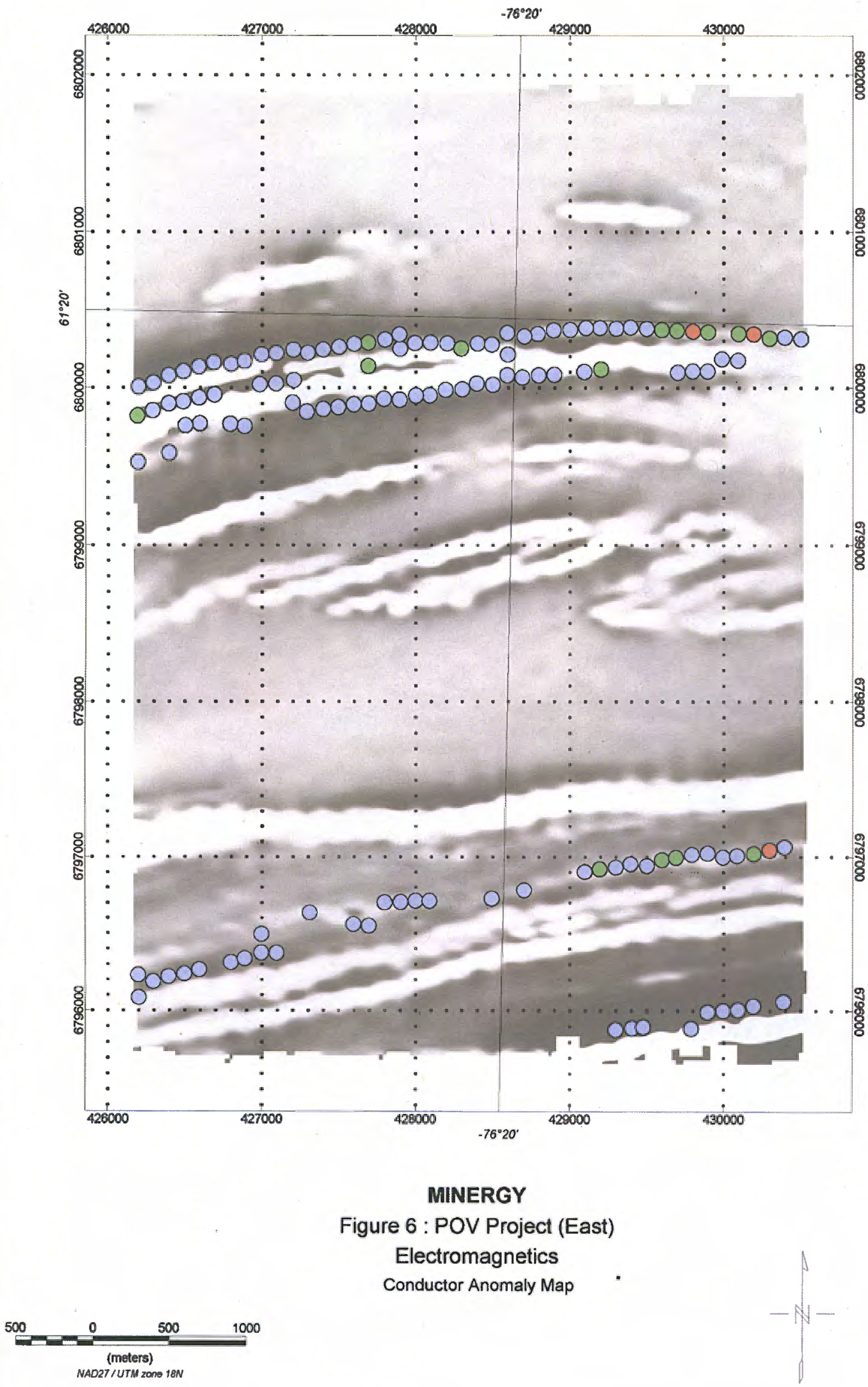


MINERGY

Figure 5 : POV Project (East)

Electromagnetics (Residual)

(Grey Scale = Vertical Grad. Magnetics)



MINERGY

Figure 6 : POV Project (East)

Electromagnetics

Conductor Anomaly Map

APPENDIX 2

Drilling Data

Collar Table

Geological Logs

COLLAR TABLE POV DRILLING 2008

Hole_ID	Easting	Northing	MAMSL	Azimuth	Inclination	EOH	Core_Size	Date_Start	Date_End	Logged_By	Mineralisation_Intersected	Geological_Assessment_General	Conductors
POV001	409,062	6,793,250	205	180	60	153.00	AQ	2008/08/01	2008/08/07	T Loader	None	Entire hole drilled altered ultramafics, variable alteration, no significant sulphides	No obvious conductors - possible that highly altered zone between 63.29 and 66.20 might be conductive
POV005b	408,964	6,793,221	205	180	60	99.00	AQ	2008/08/07	2008/08/10	J Astrup	Only very minor diss S at 35.26 and 87.19m	Entire hole in Ultramafic rock variably altered	Nothing intersected in the hole that might explain the AEROTEM Conductor

Projection UTM, Z18, NAD27 Canada, Positions with hand held GPS

POV001 – GEOLOGICAL LOG

Hole_ID	From	To	Interval	Geological Description
POV001	0.00	12.00	12.00	Overburden Gravel & boulder fragments
POV001	12.00	53.80	41.80	Peridotite, M-Fgr. Wide spread serpentinization. Numerous Magnesite? veins forming a network in places. Magnetite veins generally lay in the centre of the Magnesite veins. The core is generally moderately to strongly magnetic.
POV001	53.80	54.30	0.50	Peridotite, fractured zone.
POV001	54.30	63.29	8.99	Peridotite, M-Fgr. Wide spread serpentinization. Numerous Magnesite? veins forming a network in places. Magnetite veins generally lay in the centre of the Magnesite veins. The core is generally moderately to strongly magnetic.
POV001	63.29	66.20	2.91	Peridotite, M-Fgr. Wide spread serpentinization with numerous Chrysotile filled fractures, ~50/m, <1cm. 20 – 45 ca. Core very broken. Moderately – strongly magnetic.
POV001	66.20	110.55	44.35	Peridotite, M-Fgr. Wide spread serpentinization. Numerous Magnesite? veins forming a network in places. Magnetite veins generally lay in the centre of the Magnesite veins. The core is generally moderately to strongly magnetic.
POV001	110.55	124.50	13.95	Peridotite, M-Fgr. serpentinized in places, numerous magnetite veins and magnetic areas with no visable magnetite.
POV001	124.50	124.65	0.15	as above with muddy section, Moderately to strongly magnetic, abundant magnetite.
POV001	124.65	147.41	22.76	Peridotite, M-Fgr. serpentinized in places, numerous magnetite veins and magnetic areas with no visable magnetite.
POV001	147.41	147.91	0.50	Highly serpentinized zone Moderately magnetic, but no visible magnetite. Traces of sulphides, very small scattered specks, only visible in bright light and not able to determine the identity.
POV001	147.91	153.00	5.09	Peridotite, M-Fgr. serpentinized in places, numerous magnetite veins and magnetic areas with no visable magnetite.

DETAILED GEOLOGICAL ASSESMENT BOREHOLE

POV001

Mineralisation_Intersected
None
Geological_Assessment_General
Entire hole drilled altered ultramafics, variable alteration, no significant sulphides
Conductors
No obvious conductors - possible that highly altered zone between 63.29 and 66.20 might be conductive
Comments
No BH EM system available to probe hole. Anglo not prepared to lend their crew - AQ core hole size a problem for probe, Collar Hand Held GPS survey, Hole only sampled for Magnetic susceptibility testwork

POV005b – GEOLOGICAL LOG

Hole_ID	From	To	Interval	Geological Description	Code
POV005b	0.00	12.02	12.02	No Core recovered, Casing installed to 13.5m	OB
POV005b	12.02	18.73	6.71	Moderately altered ultramafic rock (probably peridotite) with minor zones where alteration is more intense. Dark green to black in colour	UMRK
POV005b	18.73	20.00	1.27	Altered Ultramafic with abundent magnesite,magnetite and chlorite veinlets (more intesently altered than unit above)	UMRK
POV005b	20.00	35.26	15.26	Moderately altered ultramafic rock (probably peridotite) with several small where the intensity of alteration increases and Mt, Maqgnesite and Chl veinlets are present. Core weakly magnetic but strongly magnetic in the vicinity of the magnetite veinlets.	UMRK
POV005b	35.26	35.36	0.10	Intensly altered zone in the Ultramafic unit (Peridotite?) with minor chalcopyrite blebs and disseminations 1-3% suylphides in places. Sulphides appear to be related to the alteration.	UMRK
POV005b	35.36	43.87	8.51	Moderately altered Ultramafic (peridotite?) few zones of more intense alteration where magnesite, Mt and Chl veinlets are present	UMRK
POV005b	43.87	46.35	2.48	More intesnely altered zone in the Ultramafic unit, abindent magnesite, Mt and Chl veinlets, core very fractured in places	UMRK
POV005b	46.35	50.68	4.33	Altered Ultramafic rock, dark green w small white flecks + white magnesite veinlets (numerous) also mm scale magnetite veinlets, several small fractures with chloritic alteration around the fractures. Not possinble to identify original minerals probably Olivine and Pyroxente f-mgr which were serpentinised (not possible to determine if CPX or OPX). Based on Raglan obs most likely CPX and hence protolith likely Peridotite.	UMRK
POV005b	50.68	56.16	5.48	More intensenly altered ultraqmafic rock slightly darker in colour than above unit with a higher frequency of magnesite and Mt veining, core severly broken in places	UMRK
POV005b	56.16	68.66	12.50	Altered Ultramafic rock, generally greenish in colour, with mm scale Magnesite, Mt and Chl veinlets. Several zones of more intense alteration. Core generally weakly magnetic, but strongly magnetic in the vicinity of the magnetite veinlets. Weak conductivity noted along minor mt veinlets (lower resistivity that surrounding rock - 30-50 ohms). Numerous small fractures with more intense serpentinisation. Core devoid of sulphides.	UMRK
POV005b	68.66	68.97	0.31	Highly altered Zone green serpentinite + magnetite, core fractured, not conductive. Highly magnetic where mt is present. FAULT ZONE?	FZ
POV005b	68.97	69.48	0.51	Altered Ultramafics w minor fractures	UMRK
POV005b	69.48	69.84	0.36	Shear Zone, Highly altered Umtramafic rock with chrysotile asbestos, Core very broken with fibrous mat of asbestos needles, weakly magnetic,, not conductive in dry core.	SZ
POV005b	69.84	87.19	17.35	Ultramafic rock, Variably altered and fractured. Magnesite and magnetite veinlets with Chl alteration around small fractures. Core weakly magnetic, but strongly magnetic where magnetite veinlets are present. Non conductive	UMRK
POV005b	87.19	88.40	1.21	Intensely Altered Zone in the Ultramafic unit (Peridotite?) with a high proportion of magnetite (~20 to 30%) and minor disseminated sulphides Pyrrhotite (1-3% in one places).Strongly magnetic (magnetite + diss S), weakly conductive 20-50 ohms. Zone too small to be a significant conductor.	UMRK
POV005b	88.40	88.75	0.35	Altered Ultramafic with minor fractures, Magnesite, Mt and Chl veinlets.	UMRK
POV005b	88.75	96.88	8.13	Ultramafic rock (peridotite) distinctly less altered. Dark graan to black in colour. Minor magnetite veinlets - weakly magnetic, nbo sulphides	UMRK
POV005b	96.88	98.65	1.77	Ultramafic rock altered lighter and more greenish that above unit. Magnesite, mt and Chl veinlets present	UMRK
POV005b	98.65	99.00	0.35	Ultramafic rock (Peridotite?) (less altered than above unit) with minor zones of more intense alteration where core is lighter in colour and has magnesite, mt and chl veinlets	UMRK
POV005b	99.00	99.00	0.00	EOH	

DETAILED GEOLOGICAL ASSESMENT BOREHOLE

POV005b

Mineralisation_Intersected
Only very minor diss S at 35.26 and 87.19
Geological_Assessment_General
Entire hole in Ultramafic rock variably altered
Conductors
Nothing intersewcted in the hole that might explain the AEROTEM Conductor
Comments
Collar survey with hand held GPS, No downhole surveys, Samples taken for Reference and Magnetic susceptibility testwork, No samples for assay

POV005b – SAMPLING

POV005b - REFERENCE SAMPLES

SAMPLE ID	FROM	TO	DESCRIPTION	CORE SIZE	RECOVERY
J2120	46.69	46.89	Altered ultramafic with magnesite and magnetite veins	AQ Whole	100
J2121	76.75	76.94	Altered ultramafic with magnesite and magnetite veins + chl alteration next to fractures and mt veinlets	AQ Whole	100
J2122	87.19	87.32	Highly altered UM with ~30% magnetite, minor diss sulphides (Po - 1-3% in places)	AQ Whole	100
J2123	97.63	97.76	Less altered Ultramafic	AQ Whole	100
J2124	16.72	16.87	Moderately altered Ultramafic from near top of hole	AQ Whole	100

APPENDIX 3

Expenditure per Claim