

GEOLOGICAL REPORT ON THE
MACE MOLYBDENUM-COPPER PROSPECT

CONNEMARA, COUNTY GALWAY, IRELAND

PREPARED FOR Highbank Resources Ltd.

By

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SUMMARY

The Mace Prospect is located within Prospecting Licence 934 (45 square kilometers in area), held by Gary Robert Brown. It lies close to the north shore of Galway Bay in Connemara, the western portion of County Galway, Ireland. Geochemical exploration in the area in 1967 outlined a porphyry molybdenum-copper system at least two kilometres in length. The mineralization is emplaced in granodiorite related to the Galway Granite, a major intrusion that occupies the northern margin of most of Galway Bay. The mineralization appears to be associated with northeast-trending faulting and fracturing. Chalcopyrite and molybdenite (the copper and molybdenum minerals) are disseminated along with pyrite in the granodiorite, but most of the molybdenite occurs in quartz veins and in minor fractures. Moderate to intense hydrothermal alteration is found throughout the mineralized zone. The porphyry system was partially explored during 1968-1970 by drilling programs that included 1449 metres of diamond drilling in 26 holes and 614 metres of percussion drilling in 20 holes. The drill holes were located in the central portion of the zone, within an area that measures 1400 metres in length and up to 300 metres in width. The drill holes were shallow (mainly <50 metres in depth) and were widely spaced except in a segment of the zone measuring about 200 metres by 200 metres. Assays from eight diamond drill holes within this segment indicated an average grade of 0.08% molybdenum and 0.07% copper for the portions of the core that were analysed -- about 50% of the total length of material cored. Loss of molybdenite in the coring process was believed to be a serious problem throughout the diamond drilling programs and a succession of steps were taken by the operators to improve the recovery, apparently without success. Sludge samples from the final seven holes were collected and analysed for comparison with the results from the core. It was estimated from this comparison that 20% to 45% of the molybdenite was lost during coring. (These may be minimum figures since molybdenite almost certainly also was lost from the sludge during dewatering.) A second problem relating to the quality of the sample data was revealed by a technical paper that suggested that the veins and molybdenite-coated fractures dipped in the same direction as the drill holes. A detailed examination of the drilling logs tended to confirm this suggestion. The main consequence probably was that this down-dip orientation of the drill holes probably contributed to the loss of molybdenum in the coring. No resource or reserve estimates have been made. It is concluded that the Mace Prospect constitutes a valid exploration target, with a potential for an open-pit molybdenum deposit. The author recommends that a drilling program be undertaken to test portions of the area where drilling was undertaken previously. The holes should be drilled in the opposite direction to the earlier drilling using equipment capable of recovering cores of considerably larger diameter. These changes should greatly reduce the loss of molybdenite in the coring process. The main objectives of the recommended drilling are to provide reliable samples for comparison with the earlier drill holes and to obtain information on the size and attitude of the higher grade portions of the zone that might constitute ore blocks in an open pit. The recommended program consists of nine holes along three cross sections, totalling 1350 metres of drilling. In addition, detailed geological mapping and air-photo interpretation are recommended. The cost of the work is estimated to be US\$374,000. It is anticipated that a second stage of drilling will be carried out, based in part on the results of the program recommended in this report.

**GEOLOGICAL REPORT ON THE
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CONNEMARA, COUNTY GALWAY. IRELAND**

for

Highbank Resources Ltd.

INTRODUCTION & TERMS OF REFERENCE

Highbank Resources Ltd. has an option to acquire Prospecting Licence 934 from Gary Robert Brown, the Licensee. The licence encompasses a molybdenum prospect that was explored from 1966 until 1970. Although no mineral reserves or resources were established, the author's evaluation of the results of the previous work strongly suggests that additional exploration is warranted.

The present report was prepared at the request of Highbank Resources Ltd. It documents the results of several drilling programs and technical surveys, and it contains recommendations for further work. The report has been prepared in accordance with the provisions of National Instrument 43-101.

The data on the results of the various drilling programs and on most of the technical surveys were obtained from reports supplied by Anglo United Trust, as well as from discussions with several geologists who were employed by that consortium during its exploration at Mace. This data included drill logs and assays pertaining to all of the drill holes as well, as geophysical and geochemical maps. Additional information of a more general nature was obtained from the technical papers listed in the "References" section of the present report.

I examined the Mace Prospect for two days on behalf of Teck Corporation in February, 1981, accompanied by Anglo United Trust geologists. On July 20, 2006 I visited the Mace Prospect in order to assess changes in land use and housing developments in the region. Since that date I have been consultant to the Mace project and I can personally attest that no additional field work has been carried out.

RELIANCE ON OTHER EXPERTS

Most of the factual data on the Mace Prospect were provided by Anglo United Trust. The remainder were derived from maps and reports noted under "References." The author is solely responsible for the interpretation of the results of the drilling and technical surveys and for the conclusions stated below.

PROPERTY DESCRIPTION AND LOCATION

Prospecting Licence 934 (“the Property”) covers an area of 45.01 square kilometres. It comprises the following Townlands in the Ballynahinch Barony, County Galway, Ireland: Ard East, Ard West, Callancruck, Carna, Cuillen, Dooletter East, Dooletter West, Dooyeher, Glinsk, Halfmace, Knockboy, Letterard, Letterdeskerk, Mace, Moyrus, Rusheenachola, Rusheennamanagh, Rusheenyvulligan.. [These are shown on Figure 1.] The centre of the Licence is at approximately Latitude 53°20’N, Longitude 9°50’W.

The property is designated as Prospecting Licence 934. The Licence is in force for a period of six years from the 31st day December, 2005.

The Licensee has the right to enter on the Licensed Area and to “do all things the Licensee considers necessary or desirable for the purpose of ascertaining the character, extent or value of the Base Metals and Silver lying on or under such land.” During the first two-year phase of the Licence, the Licensee must carry out with due diligence “the work programme as set out in the Third Schedule of the Licence” and shall spend not less than 10,000 Euros on such prospecting work. If the Licensee wishes the Licence to continue in force beyond the first phase, a work program must be proposed by the Licensee for the approval of the Minister for Communications, Marine and Natural Resources one calendar month before the beginning of each subsequent two-year phase of the Licence. This has been done.

By virtue of an Option Agreement between Gary R. Brown (the Licensee”) and Highbank Resources Ltd. (the “Issuer”) the Issuer has the right to acquire 100% interest in the Property by making staged cash and share payments to the Licensee and certain exploration expenditures on the Property according to the following schedule:

- “Effective Date” means the fifth (5th) business day next following the day on which the Issuer receives written notice from the TSX Venture Exchange (the “Exchange”) of its acceptance of all filings require to be made with the Exchange in respect of the Option Agreement or the subject matter hereof.
- All references in the Option Agreement to monetary amounts are in Canadian dollars, unless otherwise indicated.
- paying \$50,000 upon execution of the Letter of Intent; and
- paying an additional \$200,000 within five (5) business days following the Effective Date; and
- issuing 500,000 common shares of the Issuer within five (5) business days following the Effective Date; and
- issuing an additional 500,000 common shares of the Issuer, subject to the Issuer receiving acceptance of a NI 43-101 qualified report; and
- issuing an additional 1,000,000 common shares of the Issuer upon completion of the recommended Phase 1 exploration program, such program to be completed by December 31, 2008; and

- granting the Licensee a warrant for the right to purchase up to 500,000 common shares of the Issuer, exercisable at a price of \$0.30 per share for two years following the Effective Date; and
- incurring Exploration Expenditures aggregating not less than \$500,000 on an exploration program, to be completed within three (3) years of the Effective Date.

A royalty or charge in the amount of 2% of Net Smelter Returns (“NSR”) is to be paid to the Licensee. The Issuer shall at any time, prior to a bankable feasibility study, have the right to purchase up to 1.5% of the 2% NSR from the Licensee by paying the Licensee the sum of \$1,500,000.

The property boundary coincides with the partial boundaries of various Townlands and with the sea-coast and has been legally surveyed.

There are no mineral resources, mineral reserves, mine workings, tailings ponds or waste deposits on the Licence. The general outline of the known mineralized area at Mace is shown on Figure 1. The mineralized zones, as indicated by the technical surveys and drilling, are shown in greater detail on Figures 4 and 5.

I am not aware of any royalties, back-in rights, payments or other agreements and encumbrances to which the property is subject, except for a “Royalty for State Minerals.” This royalty is negotiated for each new mining lease once the economics of the deposit have been determined.

There are two classes of protected areas within Prospecting Licence 934. The north-eastern portion of the Property is occupied by a National Heritage Area (NHA) protecting a portion of the Connemara Bog Complex, which occurs widely in the region. Four small Special Areas of Conservation (SAC) are located within the south-eastern part of the Property. These protected areas require special permission from local and national authorities prior to carrying out mining activity. However, the Mace Prospect area, which is the subject of the present report, does not impinge on any of the protected areas.

Proposals for drilling and shaft sinking require a minimum of two weeks’ advance notice in writing to the Minister. The Minister’s approval in writing must be obtained prior to carrying out trenching. This has not been done, pending final exploration planning,



Figure 1a Protected Areas within Prospecting Licence 934

ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

[State Prospecting Licence Areas have been established throughout Ireland. These tend to be very large, and are not sub-divided to suit the applicant. In the present report, the recommended work is restricted to a very small area in the south-western portion of Licence 934 (Figure 1). Only the area surrounding the known zones of mineralization is discussed in the present report. The term “Mace Prospect” refers to the area within a kilometre or so of the previous Mace drilling area (Fig.1). The whole of Licence 934 hereinafter is referred to as “the Property.”]

The Mace prospect is located in an area of low rocky hills interspersed with shallow peat bogs. It lies adjacent to the north coast of Galway Bay, close to its convergence with the Atlantic Ocean to the west. Consequently, the prospect area lies at or close to sea level. Most of the arable land in the area is under pasture or cultivation. Bunnacliffa Lough., an elongated, shallow lake, follows the western margin of the mineralized zone.

The prospect is accessible by road from Carna, a village that lies five kilometres to the east. The closest major town is Clifden, 32 kilometres to the northwest. Galway, the principal city of the county, is located close to the eastern extremity of Galway Bay, 50 kilometres east of Carna.

The climate is wet-temperate. It imposes no limit on the length of the operating season for an open-pit mine.

Almost all of the land in the region is held by individual owners. The right of working most minerals (including molybdenum and copper) is vested to the State. Accordingly, the government will expedite the acquisition of surface rights for the purpose of mining on private land. High-voltage power is available in the region. Water resources in the region are ample for mining production. I have not investigated potential areas for waste disposal and plant sites in detail. However, I am not aware of any matters relating to topography, land acquisition or environmental issues that would create unusual problems.

HISTORY

The presence of molybdenum in the Mace area apparently was known to government geologists long before Anglo United Trust came into the picture. Some exploration work by the Geological Survey of Ireland, other than regional geological mapping, may have been carried out, but I have been unable to locate any information on the subject.

Anglo United Trust commenced their exploration in the region at the better known Murvey molybdenum prospect, located about 10 kilometres north-west of Mace, in 1960. Subsequently, they explored a large area that includes the present Licence. A chronological summary of this work follows.

November 1966 -April 1987: A regional stream-sediment survey covering 380 square kilometres was carried out and several Prospecting Licences were acquired. The anomaly in Mace Townland reportedly was stronger and more widespread than was suggested by the rather sparse molybdenum mineralization associated with the quartz veins noted in surface exposures, probably due to the loss of the molybdenite along fractures during glaciation.

May-November, 1967: Reconnaissance geochemical soil sampling for Mo and Cu was carried out at Mace. Positive results obtained in this survey were followed up by more detailed soil sampling of an area 2500 metres by 1800 metres along survey lines were spaced 150 metres apart. Two north-east-trending Mo anomalies were outlined -- a large anomaly about two kilometres in length east of Bunnaciffa Lough; and a smaller anomaly about 600 metres in length adjacent to Lough Aphuca to the southeast.

October-December, 1968: A diamond drilling program consisting of 11 holes (M1-M11) totalling 505 metres was completed. The drilling recovered BQ-size core. All of the drill holes, as well as those in subsequent programs, were inclined at various angles on a bearing N60°W.

February 1969: Additional soil sampling covering an area 1800 metres by 600 metres was undertaken within the core of the soil Mo anomaly area on lines spaced at 60-metre intervals.

March 1969: An induced polarization (IP) survey at Mace was carried out along lines spaced 120 metres apart. The survey also measured the apparent resistivity of the underlying rock.

January-June 1970: A diamond drilling program, consisting of 15 holes totalling 944 metres, was completed. AXD-size cores (holes 12-18) and BXD-size cores (holes 19 to 26) were recovered. A summary geological report (Burns, 1970) suggested that a considerable portion of the molybdenum in the quartz veins was not recovered in the core sample. Consequently, sludge samples were collected for holes 20 to 26. The ratio of Mo in core : Mo in sludge was reported to be 0.6 : 1.0.

Late 1970: Shallow percussion drilling was carried out, mainly along the margins of the previous drilling area. The program consisted of 20 holes totalling 614 metres of drilling.

No mineral resource or mineral reserve estimates have been recorded and there is no recorded mineral production from the current Prospecting Licence.

GEOLOGICAL SETTING

The Property is located astride the north contact of the Galway Granite, close to its western extremity. The Galway Granite is a composite east-west-trending granodiorite to leucogranite pluton that forms the northern margin of most of Galway Bay. It has an area of about 600 square kilometres. The northern portion of the Property is underlain by metamorphic rocks of the Connemara massif. The Galway Granite pluton was emplaced into the older rocks at about 400Ma (Devonian). The granitic rocks are essentially co-magmatic, i.e., they comprise a semi-continuous igneous series that apparently crystallized at about the same time.

The Mo-Cu deposits on the Property are found in the Carna Granite, a granodiorite body that is considered to be the oldest unit in the pluton. There is an alternation between potassium feldspar-rich and potassium feldspar-poor varieties, following a crudely circumcentric pattern in plan (Figure 2). Max & Talbot (1986) suggest that the increase in potassium content resulted from the injection of fluids during the emplacement of the younger Errisbeg Townland Granite. A contact between potassium-rich and potassium-poor varieties of the granodiorite bisects the zone explored by drilling (Figure 3).

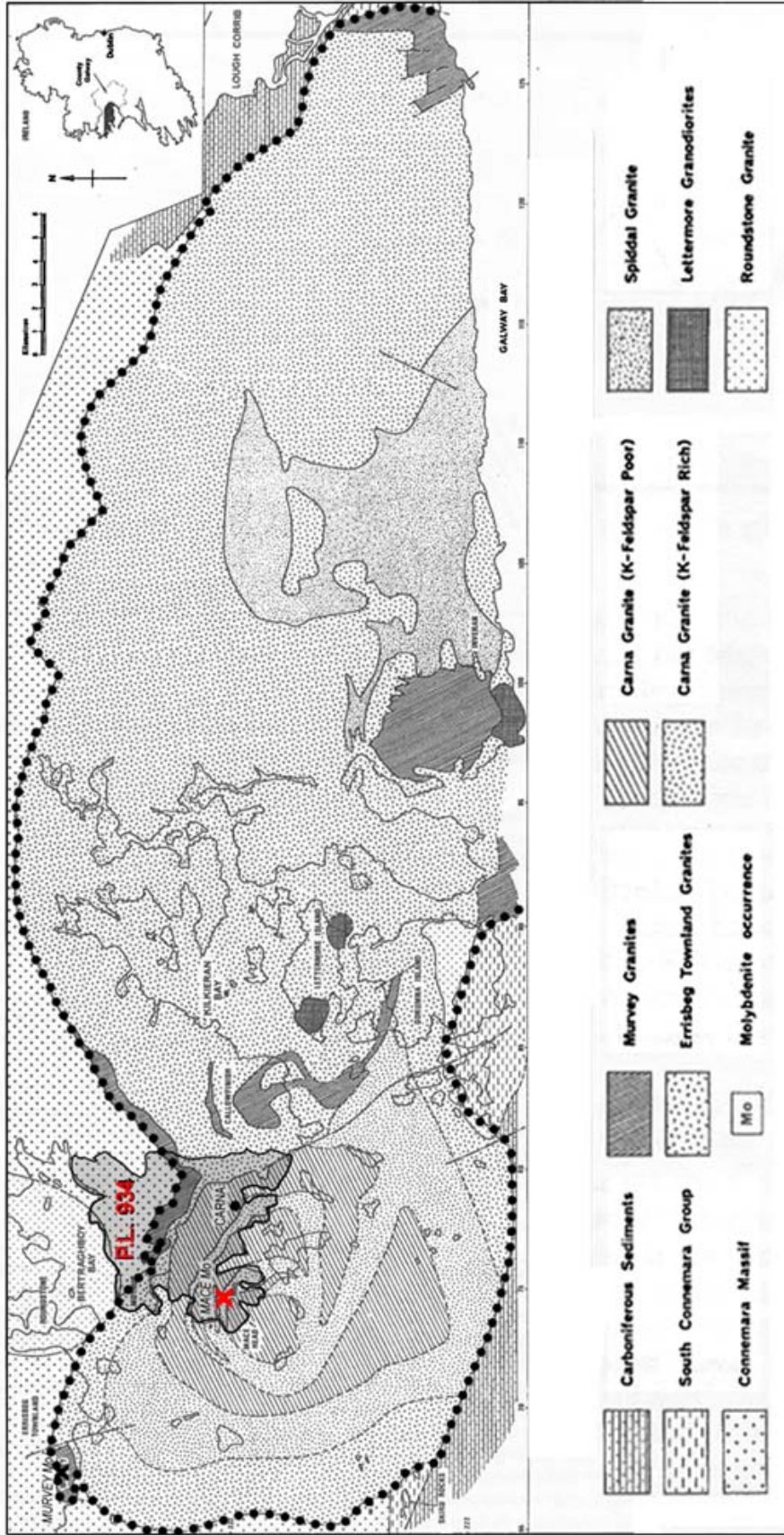


Figure 2 Map of Galway Granite after Max et al. (1978)

A wide variety of small granitic dikes was noted in the core and in outcrop. Figure 3 suggests that dikes may be more abundant along the flanks of the mineralized zone, but this apparent increase may be due to varying abundances of rock exposures.

The Mo-Cu occurrences at the Mace Prospect appear to be related to a swarm of northeast-trending fault zones (Figure 3). The major faults are poorly exposed and are plotted mainly from air photos. The only major NE fault that is well exposed dips steeply to the NW and has associated molybdenite mineralization (Derham, 1986). The zone explored by the previous drilling followed a zone defined by an elongated geochemical anomaly nearly two kilometres in length that trends at about N30°E, parallel to the main fault direction. (The dominant orientation in a plot of 50 faults by Derham (1986) falls between N20°E and N40°E)

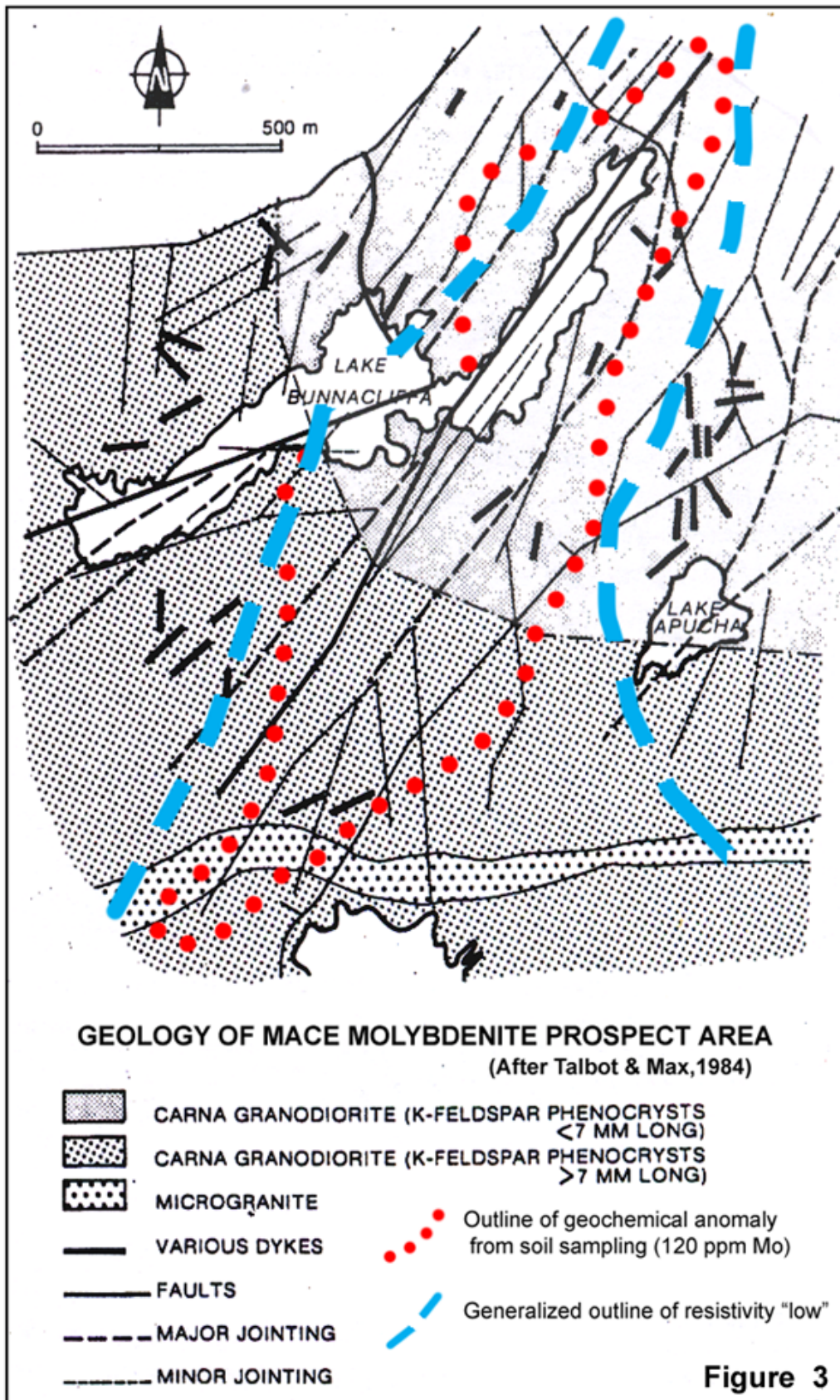
DEPOSIT TYPES

The only known mineralization of interest on the Property is the molybdenite and chalcopyrite at the Mace Prospect and its environs. This can be classified as Porphyry Molybdenum-Copper type. It is similar to the Highmont deposit in the Highland Valley of British Columbia in some respects, but molybdenum is more important relative to copper and the association with regional faulting is much more obvious in the present case. The molybdenite at the Highmont Mine, as it is at the Mace Prospect, was emplaced predominantly in quartz veins and fracture fillings within a granodiorite intrusion that forms a part of a composite batholith.

MINERALIZATION

The diamond drilling carried out by Anglo United Trust at the Mace Prospect was confined to zone 1300 metres in length and up to 300 metres in width. Geological mapping and geochemical sampling indicate that the mineralized area extends for at least another kilometre both to the north and to the south. The zone trends at about N30°E, parallel to the predominant strike of the faults in the area. The mineralization was emplaced entirely within the Carna Granite, the oldest phase of the Galway Granite pluton.

Molybdenite and chalcopyrite, along with pyrite, are disseminated in the rock throughout the zone. However, most of the molybdenum occurs within and along the margins of small quartz veins and as fracture fillings in the granodiorite. Later barren quartz veins cut the mineralized veins in places. The mineralization of possible economic interest is found in zones containing a greater abundance of these mineralized veins and fractures separated by rock that apparently contain much lower molybdenum values. The well mineralized sections are up to 30 metres in core length (true thickness unknown). Pyrite is the most abundant sulphide. Estimates in the drill logs suggest that pyrite seldom exceeds one per cent and probably averages less than one-half of that.



It should be pointed out that these “well mineralized” sections may not be very obvious in the core and may have been overlooked in some cases. Only a very minor amount of molybdenite, the ore mineral, is present in the ore. [As an example, 10 metres of core that contains an aggregate thickness of only one centimetre of molybdenite would assay 0.06% Mo – an amount that is of some economic interest.] In addition, there is evidence of oxidation of molybdenite to ferrimolybdate, a less conspicuous molybdenum mineral, in the upper parts of some of the drill holes. This increases the probability that significant amounts of well mineralized material may not have been assayed.

Hydrothermal alteration is fairly well developed throughout the zone of mineralization. Intense alteration encloses some of the higher grade molybdenum sections, but the correlation is far from absolute. The drill logs describe mainly propylitic alteration (epidote-chlorite). Fine muscovite, indicative of phyllic alteration, is noted in some of the drill logs as well, but it is not as common as the other alteration minerals. Max & Talbot (1984) do not mention the pervasive propylitization but they suggest that there is a well defined potassic alteration halo around the deposit. Potassic alteration is difficult to ascertain from the drill logs due to the abundance of primary potassium feldspar (K-spar) and biotite in the granodiorite. Veins of K-spar were noted adjacent to quartz veining in some of the holes. In a number of logs “pegmatitic” aggregates of quartz and K-spar are described. Biotite is abundant in the fresh granodiorite, but its occurrence in zones of fairly intense alteration suggests that hydrothermal biotite may be present as well. Hematite was frequently noted within the altered portions of the core. This probably was derived from magnetite that was oxidized during the alteration process.

Drilling indicated that the mineralized zone is continuous for more than a kilometre and has a width of greater than 300 metres. [Mineralization is reported to occur in outcrops for more than two kilometres.] The mineralized zone has been tested only to a very shallow depth – less than 50 metres in all cases except for one hole to 70 metres. This has led to the ungrounded postulation in the literature that the mineralization does not extend to depth (Max & Talbot, 1986; Talbot & Max, 1984). There is no indication of a bias toward shallow mineralization in the assay data. For example, the deepest hole, DDH 13, intersected 6.1 metres of 0.11% Mo close to the bottom of the hole, and the last 14.3 metres in DDH 22 assayed 0.15% Mo and 0.19% Cu.

EXPLORATION

The entire Property was covered by a geochemical stream-sediment survey in 1967. I do not have any information on the results of this survey other than that there were anomalous indications of molybdenum in the samples collected within the area surrounding the Mace Prospect. Follow-up geochemical soil sampling outlined two strong molybdenum anomalies. One of these, more than 2000 metres in length, encloses the mineralized zone that is described in the previous section. It appears that no work was carried out on a smaller anomaly located 300 metres to the southeast.

Contours were drawn to encircle molybdenum values of greater than 60 parts per million and those greater than 120 parts per million. The latter closely follows the trend of the

mineralization noted in the diamond drilling. This is not surprising since the geochemical data apparently served as the foundation for the drilling program and it is possible that well mineralized areas outside of the 120 parts per million contour have not been tested. The molybdenum values in the soil are exceptionally high for glacial till samples. (The Highmont No.1 zone was outlined by the 9 ppm contour.)

Induced polarization (IP) surveying was carried out over the main portion of the geochemical anomaly along lines spaced at 400-foot intervals. A single 200-foot separation was employed. In view of the extremely small amount of sulphide mineralization encountered in the drilling (probably between 0.5% and 1% in the mineralized zone on average) the survey provided some useful results. Not all of the known mineralized area responded to the survey -- only the northern portion is anomalous. Two anomalies are indicated along the western margin of the geochemical anomaly, entirely outside of the drilling area (Figure 4). The resistivity data from the IP survey indicate a broad area of low resistivity that appears to reflect the zone of faulting and alteration in a general way (Figure 4).

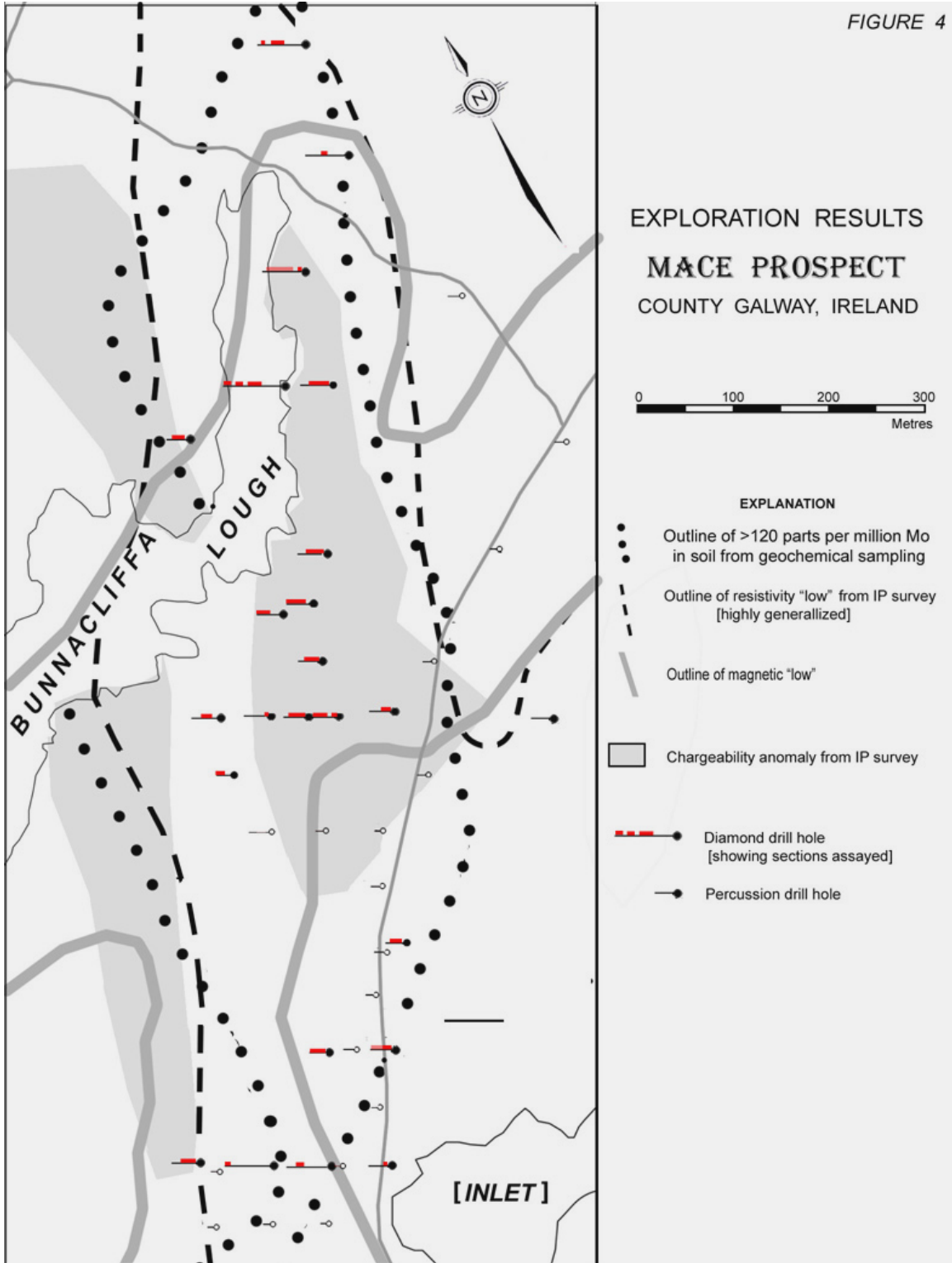
Talbot & Max (1984) discounted the usefulness of the induced polarization results. They suggest that the highest metal values (Cu+Mo) are found in the southern portion of the zone, whereas the main chargeability anomaly is found in the northern portion. However, they do not include pyrite, which accounts for most of the total sulphide, in their model. The molybdenum and copper minerals in the amounts noted in the assays from the drilling would not by themselves give a detectable chargeability response. Presumably the anomalous chargeability results reflect proportionately greater amounts of pyrite. Since pyrite accompanies the copper and molybdenum minerals in the cores, untested chargeability anomalies should not be ignored.

Talbot & Max (1984) describe magnetic and radiometric surveys over the Mace Prospect. A cruciform magnetic "low" was detected in the vicinity of Bunnaclyffa Lough (Figure 4). The northeast-trending portion of this anomaly possibly is related to the oxidation of magnetite to hematite by the hydrothermal solutions responsible for the alteration within the mineralized zone. There is no obvious explanation for the eastern and western "arms" of the anomaly.

On the basis of the results shown in Talbot & Max (1984) I cannot attach any significance to the radiometric survey in terms of its response to the mineralization.

No exploration work has been carried out by Highbank Resources Ltd.

FIGURE 4



DRILLING

Drilling was carried out in three stages:

Stage 1 consisted of 11 BQ diamond drill holes (M1-M11) totalling 505 metres. Most of the holes were put down within an area of about 200 metres by 200 metres in the approximate centre of the geochemical anomaly zone being tested. Samples were collected at 10-foot intervals in portions of the core where the geologists deemed that the amount of molybdenite was significant. All of the holes were oriented N60°W and were inclined at 45° to 50°.

Stage 2 consisted of seven AXD diamond drill holes (12-18) and eight BXD diamond drill holes (19-26) totalling 944 metres. The drilling tested portions of the same zone along a length of 1200 metres but the coverage was somewhat haphazard. The sampling procedure, orientations and inclinations were the same as for the Stage 1 holes. The BQ equipment used in Stage 1 was changed successively to AXD and BXD in a largely unsuccessful attempt to increase the recovery of molybdenite (Burns, 1970).

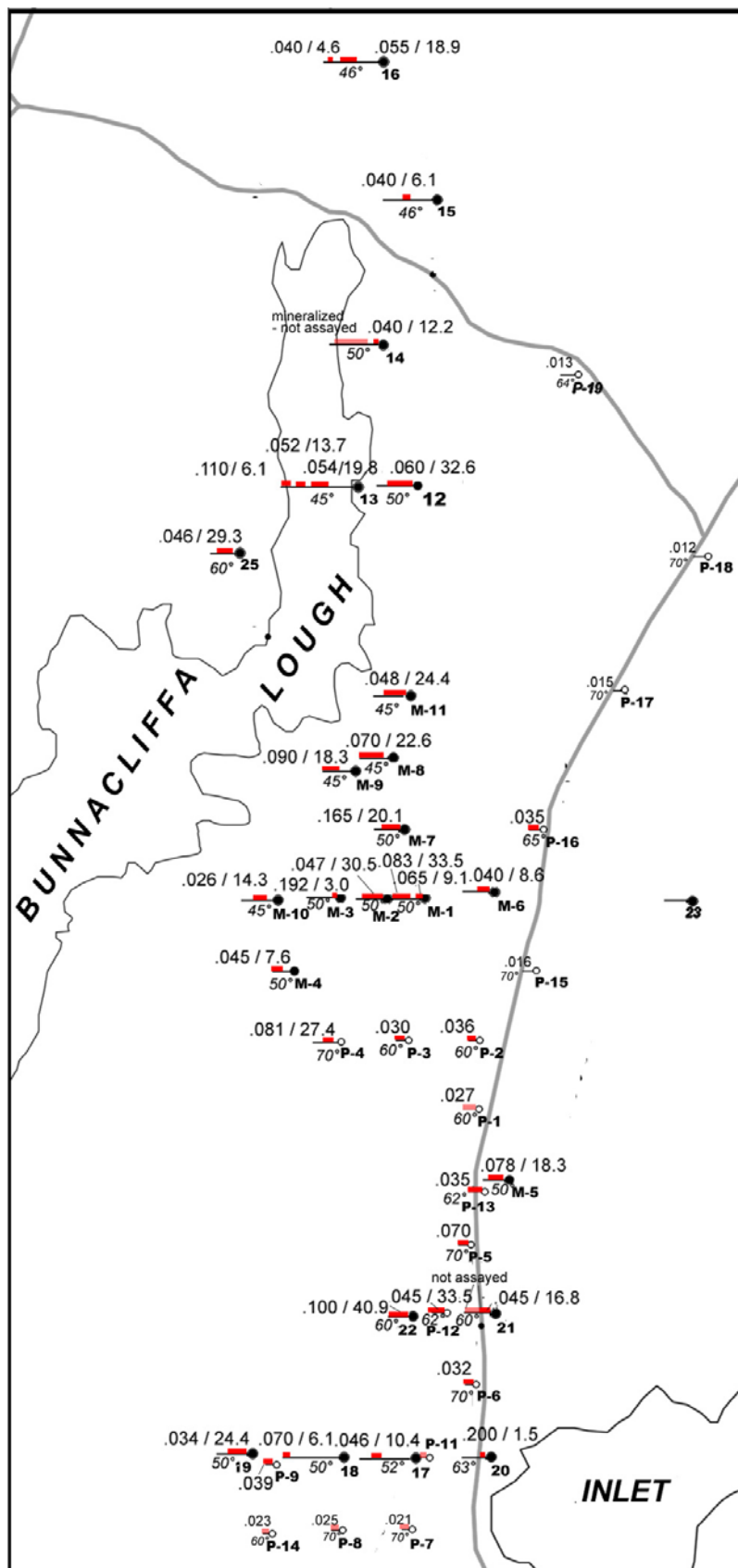
Stage 3 consisted of 20 percussion drill holes (P1-P20) totalling 614 metres. It mainly tested the margins of the zone. [Apparently the original plan was to utilize the percussion drill to test the highest grade parts of the deposit in detail, but the weight of the machinery proved to be incompatible with the boggy terrain. A single sample was collected from each hole. The holes were oriented N60°W and were inclined at 65° to 70°. I have largely discounted the value of the percussion drilling in the following account. Most of the holes were poorly located, all of the material from each hole constituted a single sample, recovery of molybdenum was problematic, and the holes were drilled at steep, uninformative inclinations. In short, use of the percussion data could be misleading.

Figure 4 shows the locations and dips of all of the drill holes, along with the grade of molybdenum for the intervals sampled and the interval length in each case. I have not included the copper grades to avoid clutter since these are remarkably uniform throughout the zone.

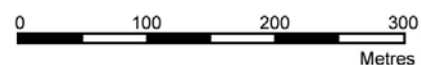
The drill holes tend to be rather widely scattered within the zone tested by drilling. Only the relatively small area in the central section of the zone that was tested in Stage 1 ("M" holes) has sufficient drilling density to permit a grade calculation to be made, and even here there is no complete cross-section of the zone. The weighted average grade of the sampled sections of drill core in an area of about 200 metres by 200 metres is 0.08% Mo and 0.07% Cu. The sampled sections comprise 50.1% of the total length of the drill cores.

The true thicknesses of the mineralized zones encountered in the drilling are not known.

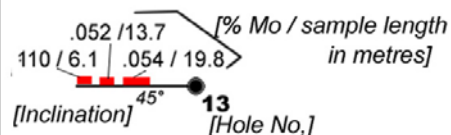
FIGURE 5



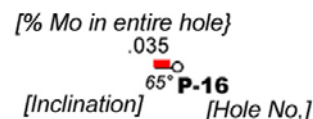
DRILLING RESULTS MACE PROSPECT COUNTY GALWAY, IRELAND



EXPLANATION



Diamond drill hole



Percussion drill hole

SAMPLING METHOD AND APPROACH

Sampling of the diamond drill holes was based on an arbitrary selection of only the well mineralized sections. It appears that less than 50% of the core was sampled on average. My examination of the drill logs and of the core in storage suggest that mineralization of apparent interest occurs in some of the core that was not sampled. (Examples of this are indicated on Figure 4 for holes 14 and 21.)

All of the holes were drilled at an azimuth of 300°, at right angles to the average strike of the faulting and to that of the zone outlined by the soil geochemistry. However, all of the holes were inclined toward the west, and this may have affected the quality of the data. Derham (1986) carried out a structural study of the area surrounding the Mace Prospect that included a detailed investigation of the orientation of the quartz veins that contained, or were bordered by, molybdenite. His data were collected in an area of relatively abundant rock exposure along the sea coast about a kilometre southwest of the drilling area. It is evident that the veins used in his study are a part of the same mineralized zone as those recovered in the drill cores.

Derham's study indicated a strong bias toward veins striking north-east and dipping north-west. He states, "*It is interesting to note that the 26 drill-hole orientations at Lake Bunnaclyffa are approximately at right angles to the mean [of the poles on Derham's stereoplot] and were therefore drilled parallel to the veins.*" He concludes, "*It would appear that the diamond drilling was carried out in an uninformative orientation. So the assay and sludge results are unlikely to provide a correct estimate of the grade of mineralization The mean dip of the molybdenite veins along the shore is 50° NW and the average dip of the 26 drill holes is 50° NW.*"

I examined the data provided in the logs on the angles of intersection with the core axis for mineralized veins and fractures. These were indicated to vary from 10° to 60°, with a large majority falling between 20° and 45°. There was no obvious variation in attitude between veins and fractures. These data imply that the predominant dips of the molybdenum-bearing veins and fractures fall within a range from vertical to 65°W, and they suggest that Derham's conclusions were essentially correct, although the average dips converted from the drill log data are much steeper than those indicated by Derham. It should be noted that Derham used only quartz veins in his assessment and there is some possibility that many of the veins whose attitudes were close to his mean (N50°W) were lost in coring or were too broken up to measure.

I believe that the "uninformative" drilling orientation adversely affected the quality of the data mainly by increasing the loss of molybdenite during coring of the veins and fractures – the most critical elements. Perhaps an even more important consideration than the dips of the veins and fractures is the dip of the "clusters" of veins and fractures that make up the better grade portions of the deposit. It is entirely possible that these are related to faults whose dips differs from those of the minor fractures that host the veins. (The dips of faults measured by Derham generally were within a few degrees of vertical.) Future drill holes should go beneath the well defined mineralized zones noted in the earlier

programs. These holes should be drilled at S60°E in an attempt to reduce the loss of molybdenite.

The apparent loss of molybdenite in the earlier drilling programs appears to be by far the most important problem affecting the quality of the sampling. The problem was recognized early on by the Anglo United geologists who recommended changes in the drilling procedure following the Stage 1 program. Their final report (Burns, 1970) stated, *“Experience gained in holes M3 to M11 had shown that BQ wireline was not entirely satisfactory since its use did not prevent breaking-up of the quartz-molybdenite veins nor the grinding of molybdenite-coated tension fractures.”* A change to AXD and BXD equipment apparently did little to alleviate the problem. A sludge splitter was used on the final seven diamond drill holes in order to check on the core loss. The Anglo United final report concluded, *“Although only a small percentage of the drilling can be directly compared in this way it indicates that a considerable amount of molybdenum, ranging from 20-45% [emphasis mine] of the total content, is lost from the core during drilling.”*

A serious loss of molybdenite is inherent in sampling with the diamond drill because of the platy and friable nature of the mineral. (In the Highmont Mine feasibility study an upgrading factor was applied, based on underground bulk sampling, to compensate for the loss of molybdenite in coring.) This loss is particularly significant where, as in the present case, the mineral occurs along fractures or adjacent to quartz veins but not actually enclosed in the veins. The friable molybdenite tends to separate readily from the rock and become ground up and lost to the sludge.

Sludge sampling can give some indication of such loss, but the sludge sample itself provides only a minimum estimate of the molybdenum grade in the core. The reason for this is that molybdenite is a platy mineral that “floats” readily in moving water, particularly if accompanied by the ubiquitous grease that was a hallmark of diamond drilling in the 1960’s, and it is lost in the overflow when the sample is collected. The same is true of percussion or rotary drilling, even if “reverse-circulation” equipment is utilized, unless special precautions are undertaken. [It was standard practice during the operation of the Highmont Mine open pit to run all of the cuttings from the blast holes through a cyclone for de-watering prior to collecting the sample for assay.]

Fortunately, diamond drilling techniques have advanced considerably since the previous drilling was undertaken. With the use of larger core sizes and better drilling equipment it is possible to collect a core sample that more accurately reflects the grade of molybdenite in most cases.

It should be emphasized that the deficiencies in the sampling procedures discussed in this section have tended to place a lower limit on the grade of molybdenum in the assays from the drill core. The grade of copper in the assays should not be affected significantly since most of the chalcopyrite is disseminated in the granodiorite and would not be ground up preferentially.

As discussed above, the inclined holes were drilled N60°W. Since there was no overlap, it was not possible to determine the true width of the intersections. The drilling tested a length of 1250 metres along the structural zone but the hole placement was not systematic and samples were collected only from portions of most holes. Assay data for sampled intervals is shown on Figure 5.

SAMPLE PREPARATION, ANALYSES AND SECURITY

The core selected for the historical assays was split in order to preserve material for re-examination or for check analyses. One-half was bagged and sent to an accredited laboratory where crushing, splitting and grinding were carried out. In some cases the crushed material in the laboratory was re-sampled and sent to up to five additional laboratories, mainly in Canada, for check assays. It was not customary for tight security to be undertaken in the sampling and assaying for base-metals during the period in which drilling was carried out.

Routine assaying for low-grade molybdenum was in its infancy during the latter part of the 1960's. I recall similar problems with obtaining consistent results at the Highmont Prospect (later the Highmont Mine) during that time period. Some of the same assay laboratories (Loring Laboratory in Alberta, Lakewood Research in Ontario, Coast Eldridge in British Columbia) were utilized in both cases. I have no knowledge concerning the laboratory in Ireland used by Anglo United Trust. However, I have personal knowledge that Loring, Lakewood and Coast Eldridge were certified under the laws of their respective jurisdictions.

DATA VERIFICATION

I have relied on the reputations of the people involved in the exploration described in this report, and I have not carried out any verification of data other than an examination of the core samples, which tended to confirm the drill logs and the assays.

ADJACENT PROPERTIES

There are no adjacent mining properties.

MINERAL PROCESSING AND METALLURGICAL TESTING

No mineral processing or metallurgical testing has been carried out in connection with the Mace Prospect.

MINERAL RESOURCES AND MINERAL RESERVE ESTIMATES

No mineral resource or mineral reserve estimates have been carried out in connection with the Mace Prospect.

INTERPRETATION AND CONCLUSIONS

Geochemical and geophysical exploration in the mid-1960's outlined a porphyry molybdenum-copper system more than two kilometres in length within the Galway Granite. The porphyry system is coincident with a northeast-trending fault swarm and with moderate to locally intense propylitic and potassic alteration. The deformation/alteration/mineralization package is outlined to varying degrees of completeness by geochemical and geophysical (chargeability, resistivity, magnetic) anomalies.

Several drilling programs tested a portion of the zone, guided in large part by the highest molybdenum geochemical values in the soil (> 120 parts per million) – an area 1300 metres in length and up to 300 metres in width. The drilling, which consisted of 26 diamond drill holes and 10 percussion drill holes, did not extend beyond a depth of 50 metres. Less than 50% of the core was assayed on average. It was obvious from the core logs and from my examination of the core that some of the unassayed core contains significant amounts of molybdenite.

The only part of the porphyry system that was drill-tested with sufficient density of drilling to permit a preliminary estimate of grade covers an area 200 metres by 200 metres – less than 10% of the area that appears to be of greatest exploration interest on the basis of the geochemical and geophysical surveys in conjunction with the drilling. The average grade of the core in the sections that were selected for assay was 0.08% molybdenum and 0.07% copper. These sections make up about one-half of the total core recovered in the sub-area.

Disseminated molybdenite and chalcopyrite both occur in altered granodiorite, but most of the molybdenite is found in association with small quartz veins and as fracture fillings while chalcopyrite is dominantly in disseminated form. The minor fractures that host the molybdenite appear to be more concentrated close to faults and the faults themselves appear to be mineralized. It is probable that the higher grade mineralized zones are elongated parallel to the faults, a situation that would facilitate the definition of mineable blocks in the preparation of an ore-reserve estimate.

There is strong evidence that a considerable amount of molybdenite in veins and fractures has been lost in coring. This has been quantified to some extent for seven holes, where sludge samples were analysed and compared with core samples. The results of this procedure suggested that there could have been a loss of molybdenite in the core of from 20% to 45%.

Evidence from field studies and from drill core indicates that the molybdenite-bearing veins and fractures dip toward the north-east, implying that the north-easterly-inclined drill holes were poorly positioned to test the mineralized zone. I believe that the most negative consequence of the apparent misalignment was that it exacerbated the problem of molybdenite loss since drilling at a low angle to the structures would tend to decrease the core recovery. Future drill holes should be inclined toward the south-east.

The previous work outlined a significant molybdenum-copper target, but the shallow drilling was sparse and failed to test large portions of the indicated mineralized zone. The indicated severe loss of molybdenite adds a great deal of uncertainty to the estimation of the average grade of molybdenum within the areas tested. A grade of 0.08% Mo and 0.07% Cu from the only portion of the zone with sufficient drilling density to permit a preliminary grade estimate can be considered a reasonable starting point. (This grade projection does not take into account the probable upgrading of the molybdenum due to loss of molybdenite in the drilling process.)

It is the author's opinion that the extensive mineralized structural zone that was partially tested in earlier work constitutes an excellent exploration target for a molybdenum-copper open-pit deposit. A drilling program to test the indicated porphyry system is warranted. The emphasis of the first phase of the program should be on obtaining reliable core samples within the area previously drilled, and on determining the true thicknesses and orientations of the better grade mineralized zones that might constitute ore blocks.

RECOMMENDATIONS

There is a considerable degree of uncertainty with regard to the results of the previous drilling because of an indicated serious loss of molybdenite in the drilling process and because the drill holes apparently were oriented inappropriately relative to the predominant dips of the molybdenite-bearing veins and fractures. It is recommended that an optimized drilling program utilizing large diameter coring equipment be carried out to provide more reliable data on the molybdenum grade than that achieved in the earlier drilling. The recommended program also is intended to provide information on the attitude and continuity of the mineralized zones, and to explore to more than twice the depths of the previous holes.

There are advantages to initiating the drilling close to previously drilled holes. In addition to the obvious importance of providing a grade comparison, it offers the possibility of projecting assays and structural data between the two drilling programs that may furnish critical information on the continuity of the significant mineralized zones to assist in the preparation of a resource estimate.

The drill holes should be inclined at 45° along an azimuth of 120° (S60°E). It is recommended that diamond drilling in one of the larger core sizes be used in preference to reverse-circulation percussion drilling in order to optimize the molybdenite recovery and to provide a better sample for geological examination. Properly collected sludge samples should be assayed to monitor the recovery of molybdenite.

Two lines of drill holes, with three holes 150 metres in length on each line, are recommended to test the central part of the zone east of Bunnaciffa Lough. Figure 6 illustrates the layout for the first line of holes relative to the previous drilling.

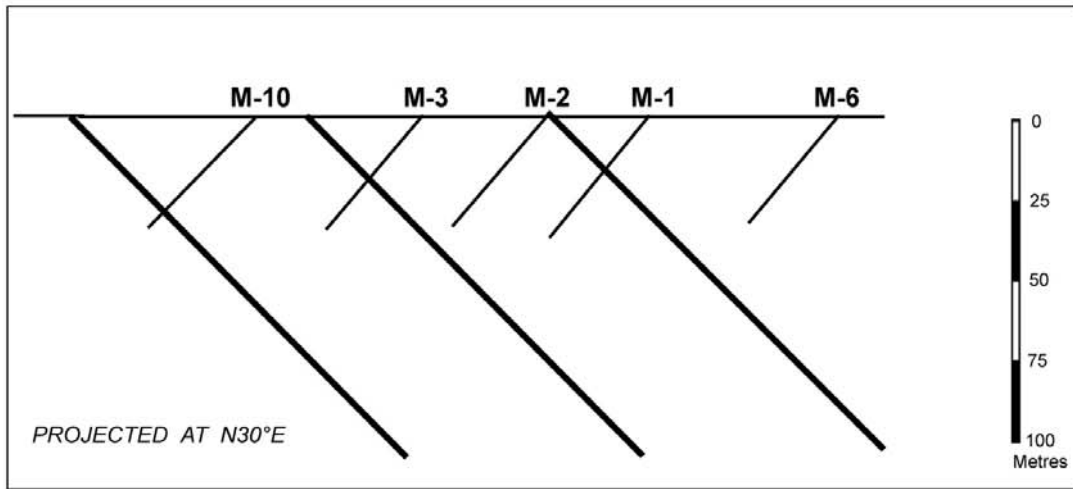


Figure 6 Cross section showing recommended diamond drill holes along Line 1

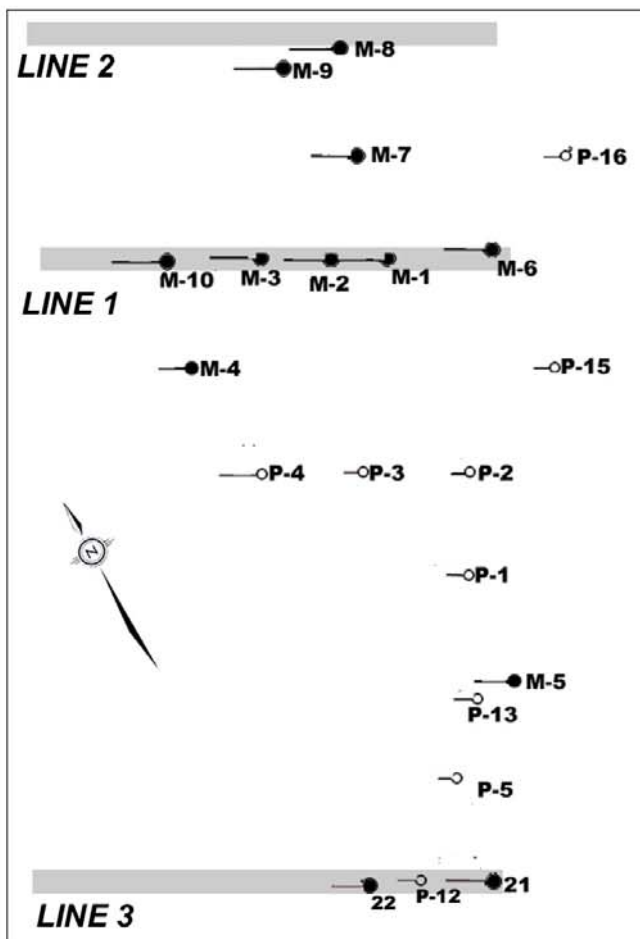


Figure 7

RECOMMENDED DIAMOND DRILLING CROSS-SECTION LINES

[Layout of drill holes is similar to that shown in Figure 6]



It also is recommended that a line of diamond drill holes be drilled in the south-eastern part of the known mineralized zone in the vicinity of diamond drill holes 21 and 22, and extending to the west into an untested area. Significant amounts of Mo and Cu are indicated in this area but core recovery appears to have been particularly poor. Data collected in the early stages of the program may prompt changes in the placement of the holes and the drilling procedure as the work progresses.

Although the emphasis of the first phase of exploration should be concentrated on obtaining reliable core samples, a modest program of surface exploration is recommended. The intent of this work is to gain additional data on portions of the Mace Prospect beyond the immediate drilling area, the only area for which we have detailed geological information. These data will be of considerable importance in the planning for a second-phase exploration program. It is anticipated that the second phase will expand the drilling test to cover portions of the entire Mace Prospect area, based on the results of the first-phase drilling and mapping.


The surface exploration should cover the area surrounding the geochemical and induced polarization anomalies east of the main zone that were noted in the earlier exploration, but apparently were not followed up. It also should include a photo-geological interpretation to provide a better definition of the fault pattern and to provide information on possible extensions.

Cost Estimate

Diamond drilling: 9 holes @ 150 metres/hole = 1350 metres@ \$US\$200	\$270,000
Geological mapping, air-photo interpretation, report preparation	40,000
Travel and transportation:	<u>30,000.</u>
	Sub-total
	\$340,000
Contingency @ 10%	<u>34,000</u>
	TOTAL US\$ 374,000

[Note: The cost shown for diamond drilling includes geological supervision, accommodation, core handling, assaying and environmental remediation.]

Respectfully submitted,



William Richard Bergey, P.Eng.
Consulting Geologist

July 18, 2008.

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TECHNICAL GLOSSARY

- air photo interpretation** The identification of rock types and geological structures from stereoscopic examination of aerial photos
- anomaly** Value higher or lower than the expected or norm.
- AXD drill core** Designation of core size in diamond drilling.
- batholith** A large intrusive body of igneous rock.
- biotite** A brown-coloured iron rich mica.
- chalcopyrite** Common copper sulphide mineral, $CuFeS_2$.
- chargeability** A rock property measured in induced polarization (IP) surveys. It may indicate sulphide minerals.
- diamond drilling** Drilling method which obtains a cylindrical core of rock by drilling with an annular bit set with diamonds.
- dip** The angle at which a stratum or fault is inclined from the horizontal.
- disseminated** Mineralization distributed throughout a rock rather than in veins or fractures..
- drill core** Rock samples recovered by diamond drilling.
- fault** A fracture in rock where relative displacement of the two sides is indicated.
- geochemical prospecting** Application of analytical chemistry to mineral exploration.
- geophysical prospecting** Application of physics to mineral exploration.
- granodiorite** An igneous rock of similar appearance and composition to granite.
- hematite** A mineral composed of ferric iron oxide.

hydrothermal Pertaining to heated water of magmatic origin.

hydrothermal alteration Change in mineralogical composition of a rock commonly brought about by reactions with hydrothermal solutions.

Induced Polarization (IP) A method of ground geophysical surveying which employs the passing of an electrical current into the ground to test for indications of conductive metallic sulphides.

intrusive A body of igneous rock that invades older rocks.

magnetic survey A geophysical technique which measures variations in the Earth's magnetic field.

magnetite A magnetic iron oxide, Fe_3O_4 .

metamorphic Pertaining to rocks that have been subjected to heat and pressure at depth in the Earth's crust.

metamorphosed A rock that has been altered by physical and chemical processes involving heat, pressure and fluids.

molybdenite The predominant ore mineral of molybdenum, MoS_2

ore block Continuous material of ore grade within a mineralized zone that can be separated from adjacent waste rock in open-pit mining.

outcrop An exposure of bedrock at the surface of the ground.

percussion drilling A type of drilling method whereby the rock is broken into small chips by the hammering action of the drill bit.

pluton A large body of igneous rock formed beneath the Earth's surface.

porphyry copper deposits Very large, generally low-grade mineral deposit that usually occur in association with igneous intrusions. They include Cu, Cu-Mo, Cu-Au sub-types.

potassic alteration Hydrothermal alteration type typified by potassium feldspar and biotite as alteration products

propylitic alteration Hydrothermal alteration type typified by epidote and chlorite as alteration products

pyrite Common Iron sulphide mineral, FeS_2 .

quartz A mineral composed of silicon dioxide, SiO_2 .

radiometric surveying Application of the measurement of nuclear radiation to rocks.

resistivity A rock property measured in IP surveys. Low resistivity values indicate that the rock is more conductive

soil sampling Geochemical prospecting method used to determine the distribution of various elements in the soil.

sludge The ground-up rock residue that is pumped from a hole during diamond drilling.

stream-sediment sampling Geochemical prospecting method used to determine the distribution of various elements in fine sediment deposited in or by streams.

strike Horizontal direction or trend of a bed of rock or a geological structure.

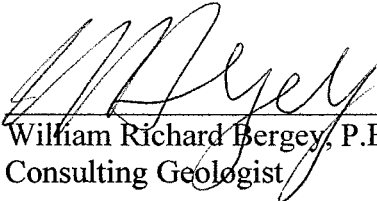
sulphide A metallic compound of sulphur. Pyrite, molybdenite and chalcopyrite are the dominant sulphides in the mineralization at Mace.

CERTIFICATE OF AUTHOR

I, **William Richard Bergey, P.Eng.**, do hereby certify that:

- a) I am a Consulting Geologist with an office at 25789-8th Avenue, Aldergrove , B.C., Canada V4W 2J8.
- b) The Technical Report is titled “Geological Report on the Mace Molybdenum-Copper Prospect”, dated July 4, 2008.
- c) I graduated in Geology (Honours B.A.) from Mc Master University in 1947. I am a member of the Association of Professional Engineers, Geologists and Geophysicists of the Province of British Columbia, and I am a Senior Fellow of the Geological Society of America. I have been involved in most aspects of mineral exploration for the past 61 years. I believe that I am a “qualified person” for the purposes of NI 43-101.
- d) I carried out a one-day examination of the Mace Prospect on July 20, 2006. I also examined the files of the Geological Survey of Ireland at that time in order to determine whether additional exploration had been carried out after my previous visit.
- e) I am responsible for preparation of all sections of the Technical Report.
- f) I am independent of the issuer as described in Section 1.4 of NI 43-101.
- g) My previous involvement with the property was a two-day examination of the Mace Prospect, followed by an examination of some of the drill core in Dublin in March 1981 on behalf of Teck Corporation.
- h) I have read NI 43-101 and have prepared the Technical Report in compliance with the Instrument.
- i) To the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Dated this 18th Day of July, 2008.


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