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AJAX MOLYBDENUM DEPOSIT

Alice Arm Area
Skeena Mining Division
British Columbia

COMMENTS AND OBSERVATIONS REGARDING HISTORIC AND RECENT EXPLORATION PROGRAMS AND RECOMMENDATIONS FOR ADDITIONAL WORK

Prepared for

TENAJON RESOURCES CORPORATION

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SUMMARY

Ajax is one of several known molybdenum deposits and prospects in the Alice Arm area of the north coast of British Columbia. All are associated with multiple phase granitic porphyry intrusions of early Tertiary age and all feature similar styles of alteration and quartz veinlet and stockwork molybdenite mineralization.

Hosting more than 341.5 million tonnes grading 0.071% Mo in a still open mineralized system, Ajax is by far the largest molybdenum deposit in the Alice Arm district and one of the largest in North America. Grades are remarkably uniform with most drill holes returning values similar to the overall average grade of the deposit and featuring only relatively narrow hole intervals of material grading 0.10% Mo or greater. This large system has been tested by a relatively limited amount of drilling involving widely spaced holes.

Previous work on the Ajax property suggests that areas of enhanced (>0.10% Mo) grades may be related to an east-northeast-trending fault zone near the northern limits of the currently defined molybdenum zone. This structure has not been adequately tested by drilling to date and it is proposed that six inclined holes be drilled at northwest-southeast azimuths from three set-ups 150 metres apart to investigate this potential.

INTRODUCTION

The writer of this report has been retained by Tenajon Resources Corporation to review records of historic and recent exploration work on the company's Ajax molybdenum property situated in the Alice Arm molybdenum district in British Columbia's north coast region.

Information used in the preparation of this summary report includes historic and recent drill hole records, plans and sections in digital format provided by Ali Shahkar and Ingrid Henderson of the Northair Group. Hard copies of 1960s – 1980s internal reports prepared on behalf of then operators Newmont and Canadian Nickel (Inco) were also provided. Property and regional geological information also includes the writer's published and unpublished information based on observations derived from detailed examinations of all known molybdenum prospects and deposits, including Ajax, undertaken in the Alice Arm district between 1964 and 1980.

References to the various sources of information are included in a separate section at the end of this report.

A brief overview of the exploration history and geological setting of the Alice Arm molybdenum district plus a comparison of the Ajax property with the other known deposits and prospects is provided in the following report sections.

HISTORY

A number of porphyry molybdenum deposits and occurrences are known along the eastern flank of the Coast Plutonic Complex throughout British Columbia with perhaps the most significant clustering of this deposit type being situated in the general vicinity of Alice Arm in the north coast area some 140 kilometres northeast of Prince Rupert. Molybdenite was first recognized in this area in the early 1900s at the Tidewater property where 345 tonnes averaging 1% Mo were extracted from quartz veins during World War I. Most of the other known deposits and prospects were discovered prior to the mid 1920s including Kitsault (also known as Alice, Lime Creek and BC Moly) which saw limited production (30 million pounds of Mo recovered from 13.4 million tonnes processed) between 1967 and 1972 and again in the early 1980s following Amax's purchase of the property from Kennecott in 1975.

The current resource at Roundy Creek was identified by a junior company (Sileurian Chieftain) in the late 1960s – early 1970s. The *Ajax* property was staked by Newmont in early

1965 on the basis of a brief report on the Leroy property on Mt. McGuire in the 1926 Minister of Mines Annual Report which mentioned the presence of molybdenite. The most recent discovery in the immediate district was Bell Moly, 8 kilometres northeast of Kitsault which was found during a reconnaissance exploration program in 1965.

The Kitsault, Roundy Creek and Bell Moly properties are currently owned by Phelps Dodge Corp.

One of the most significant molybdenum discoveries in this general area was Quartz Hill in the Alaska panhandle midway between Alice Arm and Ketchikan. Discovered in 1975 by US Borax and Chemical Corporation (and now owned by Teck Cominco), this deposit, which is currently effectively sterilized by a US National Monument, contains 1.38 billion tonnes grading 0.08% Mo including 230 million tonnes averaging 0.13% Mo.

Diamond Drilling Programs

Diamond drilling programs completed on the Alice Arm porphyry molybdenum properties since 1959 include the following:

Property	Year(s)	No. of Holes	Metres
Kitsault (BC Moly)	1959-1963	58	13153

(Includes only the initial drilling which was deemed sufficient to make a production decision in 1964. Total includes an initial 10 packsack holes of 30 metres each and most holes were inclined and drilled within a 700 x 500 metres area in the northern half of the stock at varying azimuths to test the annular or ring zone of Mo mineralization. Hole spacings varied from 20 to 120 metres and averaged 60 metres.)

Roundy Creek	1960, 1965-1971	148	9302

(1960 drilling (3 holes – 760 metres) by Southwest Potash (Amax); most of the subsequent drilling by Sileurian Chieftain consisted of short holes to test a tabular zone of higher grade Mo mineralization.)

Bell Molybdenum	1966,1967;1976,1977	53	10971

(Much of the mid-1960s drilling consisted of vertical holes at 120 metres spacings; Climax 1970s drilling consisted of both fill-in and reconnaissance holes 150 to 500 metres apart)

Ajax	*1965-1967;2005,2006*	*35*	*12654*

(1960s drilling consisted of 24, widely spaced, mainly inclined holes (average 235° azimuth) completed within a 1 km² area at average hole spacings of between 100 and 250 metres. Recent drilling (9 holes = 4553 metres = 36% of total drilling) undertaken within previously drilled area.)

GEOLOGICAL SETTING

The simplified geology of the Alice Arm area is shown on Figure 1. Dominant is the Coast Plutonic Complex which borders Mesozoic volcanic and sedimentary rocks on the west and consists mainly of granitic rocks and lesser gneiss complexes. The Mesozoic volcanic and sedimentary rocks range in age from Late Triassic to Late Jurassic and the most extensive of these are Late Triassic and Early Jurassic Stuhini and Hazelton Group fragmental volcanic and lesser sedimentary rocks north of Alice Arm. Marine to continental sedimentary rocks of the Jurassic-Cretaceous Bowser Lake Group underlie most of the area south and east of Alice Arm. Overlying these are small, erosional remnants of Pleistocene columnar basalt extending from south of Alice Arm to the Nass River, a distance of 50 kilometres. Plutonic rocks, mainly of early Tertiary age, include the granitic rocks of the Coast Plutonic Complex and small (less than 1 kilometre) quartz monzonite porphyry stocks of the Alice Arm Plutonic Suite which intrude layered rocks marginal to the east margin of the Coast Plutonic Complex. Basic (lamprophyre) dyke swarms of Oligocene age cut all older rocks and mineral deposits.

Three types of molybdenum deposits are recognized within a 60 kilometre radius of Alice Arm. These include deposits associated with intrusions of the Alice Arm Plutonic Suite, prospects and occurrences hosted by granitic rocks of the Coast Plutonic Complex, and deposits associated with felsic intrusions clearly younger than enclosing Coast Plutonic Complex granitic rocks such as Quartz Hill in neighbouring southeast Alaska.

With the exception of Quartz Hill, the most significant of the three types of molybdenum deposits are those associated with intrusions of the Alice Arm Plutonic Suite. These most commonly occur in the form of small stocks generally not exceeding 0.8 kilometre in diameter (see inset – Figure 1). Porphyritic quartz monzonite is the dominant rock type and the stocks intrude Mesozoic siltstones and greywackes marginal to Coast Plutonic Complex. Many of the stocks apparently have been localized at or near intersections of east-northeast and north-northwest faults and fracture zones which characterize the structure of the area. A number of the intrusions are elongate in an east-northeast direction, suggesting emplacement along major fault zones, and some stock contacts, notably those at *Ajax*, are rectilinear in plan also reflecting the dominant fault and fracture patterns.

Evidence for forceful emplacement is also present at both Kitsault (BC Moly) and Ajax, with sedimentary rocks arched and domed around some of the stocks. The majority of Alice Arm type intrusions occur as small oval or elongate stocks although some, like Tidewater, are sheet or sill-like in form and are possibly related to small feeder pipes. The spatial relationship between the Kitsault and Bell Moly porphyry intrusions and the Pleistocene basalts south of Alice Arm (Figure 1) suggests that both the intrusions and significantly younger flows may have been localized along the same regenerated fault and fracture systems. The incidence of young volcanic activity near molybdenite deposits is not uncommon in the Canadian Cordillera; other examples include the Boss Mountain and Adanac deposits.

Principal Features of Alice Arm Mo Deposits

While more than a dozen Mo-bearing intrusions of the Alice Arm Plutonic Suite are known in the Anyox – Alice Arm – Nass River area, most previous exploration and development work has been directed to four deposits in the immediate Alice Arm area. The major geologic features of these four deposits are illustrated in the inset of Figure 1. In these and other deposits, quartz monzonite porphyry is the prevalent host rock and it is characterized by 2 millimetre to 1 centimetre phenocrysts of euhedral plagioclase, K-feldspar, and both euhedral and anhedral quartz eyes in decreasing order of abundance. This rock type usually contains both biotite and hornblende. Leucocratic quartz-feldspar porphyry phases of similar composition but with muscovite as the principal mica mineral are also prominent within most of the deposits and are the principal intrusive phase at *Ajax*.

Some of the Mo-bearing intrusions are zoned, most notably that hosting the Kitsault (BC Moly) deposit. There, a core of quartz monzonite porphyry is bordered by more basic granodiorite and quartz diorite, which may be in part slightly older than the quartz monzonite phase. Most of the Mo-bearing stocks exhibit multiple stages of intrusion with the earliest quartz monzonite and/or quartz-feldspar porphyry phase forming the bulk of the intrusion. This main phase may be intruded by fine-grained, equigranular alaskite or aplite that consists essentially et quartz and K-feldspar. Irregular masses of this phase are very common at Kitsault and Roundy Creek (Figure 1 inset) where they are host to better grades of disseminated and lens-like molybdenite mineralization. Other inter-mineral intrusions include dykes and irregular lenses of intrusive breccia which are best developed along the northern stock contact at Kitsault where they are characterized by 1 to 2 centimetres angular fragments of both intrusive and country rock contained in a fine-grained matrix of quartz and feldspar. Several deposits feature intrusive phases, also of quartz monzonite composition, that are very late in the intrusive-mineralization sequence. Examples include an unexposed plug below the northeast part of the Kitsault intrusion and the southwest portion of the Bell Molybdenum stock which may be of post-mineral age. Post-mineral lamprophyre and basalt dykes cut virtually all of the molybdenum-bearing stocks.

These usually strike northeasterly, dip vertically, and truncate all pre-existing rocks and structures, including mineralized fractures.

Sedimentary rocks marginal to the Alice Arm molybdenum-bearing porphyry intrusions are thermally metamorphosed to biotite hornfels in aureoles that extend outward from intrusive contacts over distances of between 60 and 500 metres as seen at Roundy Creek, Bell Moly, Kitsault and *Ajax*. The recognition of biotite hornfels led to the discovery of the Bell Moly pluton in 1965.

Alteration patterns within and marginal to the molybdenum-bearing intrusions are similar to those of other porphyry deposits. A central zone of potassic alteration is partially coincident with molybdenite .mineralization. At Kitsault, the most intense potassic alteration occurs in a circular zone in the northern part of the stock where the granitic rocks within this core of intense alteration are laced with barren quartz veinlets rimmed by secondary K-feldspar, so that the original quartz monzonite porphyry has been converted to a rock consisting mainly of quartz and K-feldspar. In the outer part of this alteration zone is an annular zone or ring of molybdenite mineralization within which secondary K-feldspar is restricted to the margins of quartz-molybdenite veinlets. The other known Alice Arm molybdenum deposits also feature secondary K-feldspar, but not to the same degree as at Kitsault. Other forms of potassic alteration include secondary biotite, an alteration of primary hornblende, found to a limited degree in several of the deposits, and the quartz-muscovite veins representing much of the potassic zone at Roundy Creek. The potassic zone at most deposits is gradational outward to a phyllic (quartz-sericite-pyrite) zone which, near the margins of the plutons, results in an overprinting or bleaching of biotite hornfels to a buff or light green colour marginal to fractures and quartz veinlets due to the development of very fine- grained quartz, sericite, and some epidote. This type of alteration may be weakly developed, as at most of the deposits, or so intense that the original biotite hornfels has been largely transformed to a buff or light green-coloured rock within a zone several tens of metres outward from the stock contact, as at Kitsault, and up to 200 metres at *Ajax*. Pyrite is a common constituent of the phyllic alteration zone and occurs both in quartz veinlets and as disseminations. The intensity of pyritization seen around most of the molybdenum-bearing intrusions is also related in part to the earlier thermal metamorphism which also involved the formation of pyrrhotite in the biotite hornfels zone.

Better grades of molybdenite mineralization in the Alice Arm intrusions are dependent on structural and lithologic controls. Fracturing and attendant quartz-molybdenite veining are best developed near stock contacts. This is evident at Bell Moly where molybdenum mineralization as selvages to quartz veinlets occurs in both the quartz monzonite porphyry and biotite hornfels adjacent to the central and eastern stock contacts and is apparently cut off to the southwest by a post-mineral porphyry phase(see Figure 1 inset). The Roundy Creek pluton hosts two styles of mineralization including molybdenite occurring as selvages in randomly oriented quartz veinlets and as fracture coatings in quartz monzonite porphyries in making up the eastern part of the intrusion. The fine-grained alaskite or aplite phase constituting part of the larger, western segment of the pluton hosts high grade molybdenum mineralization consisting of nearly massive lenses, pods, and parallel, in part colloform, bands of molybdenite, all of which are considered to be part of a true magmatic deposit. At Ajax, which is discussed in greater detail in a subsequent section of this report, the molybdenum zone is central to an intrusive complex underlying a 900 by 750 metres area.

As noted, the Kitsault ore zone is annular or ring-shaped in plan and centred in the northern half of the stock (see inset – Figure 1). Molybdenite occurs as selvages in a network of east-northeast and northwest-trending quartz veinlets while disseminated molybdenite is contained in the alaskite or aplite intrusive phase at the Kitsault deposit. Kitsault features at least four stages of molybdenite mineralization due in part to intermineral intrusive phases that cut earlier mineralized phases and are themselves mineralized, having the effect of upgrading the deposit. Studies of grade distribution (Steininger, 1985) indicate that the zone of >0.06% Mo extends to depths of between 400 and 500 metres vertically below the present open pit at an

elevation of about 600 metres above sea level. Available data suggest that the upper half of the >0.06% Mo zone has been lost to erosion indicating an original vertical interval of between 800 and 1000 metres. Higher Mo grades of >0.12% and locally >0.18% Mo are more or less evenly distributed in plan throughout the central part of the annular or ring structure while in section these higher grades occupy a more restricted vertical interval in the order of 500 metres.

All of the Alice Arm molybdenite depesits feature late-stage polymetallic quartz-carbonate veins containing pyrite. galena, sphalerite, tetrahedrite, chalcopyrite and, at Kitsault, four silver-lead-bismuth sulphosalts.

Pyrite halos may extend outward from the molybdenite zone between 150 and several hundred metres. Where exposed, pyrite zones weather to a prominent gossans one of which is particularly prominent at the *Ajax* property.

Northwesterly striking faults that are younger than the porphyry plutons, contained molybdenite mineralization and distinctly post-mineral lamprophyre dykes, offset both the Bell Moly and Roundy Creek intrusions (see Figure 1 inset).

Resource Estimates

Note – most of the following are historic estimates; only the most recent Ajax estimates are NI 43-101 compliant.

Property	Tonnes (millions)	Mo(%)	Cutoff grade (Mo%)	Category
Kitsault	104.3	0.114	0.06	"Open pit mineable" Amax 1982
Roundy Creek	(a) 6.3	0.066	NA	"Inferred" – eastern stockwork zone
	(b) 1.2	0.208	NA	"Indicated" – high grade zone
including	0.03	0.400	NA	
Bell Molybdenum	96.1	0.054	0.03?	"Inferred"
Including	50.8	0.060	0.03?	"open pitable"
Ajax	*(a) 174.1*	*0.074*	*0.06*	*"Inferred" Newmont 1967*
	(b) 126.0	*0.083*	*0.06*	*"Inferred" Canex Placer 1968*
	(c) 345.0	*0.070*	*0.05*	*Inferred Tenajon 2006*

THE AJAX MOLYBDENUM PROPERTY

The Ajax property, on the east slope of Mount McGuire 13 kilometres northeast of Alice Arm (Figure I), is underlain by a sequence of sedimentary rocks with minor interbedded volcanic rocks which form part of the eastern limb of a recumbent, northwest-trending anticlinal structure. The layered rocks are intruded by four small closely spaced granitic porphyry stocks which are grouped together in an elliptical area measuring 900 by 750 metres. The stocks, of varying sizes (see Figure 1 inset), are in part rectilinear in plan and continuo downward to the limits of drilling apparently without merging into one intrusive body although the area between the stocks is laced with a network of dykes of similar composition.

The largest stock and the one immediately northwest of it are composed of leucocratic white to pink quartz-feldspar porphyry and lesser quartz porphyry featuring an aphanitic matrix. . The other two intrusive bodies, which are essentially a network of closely spaced east-northeast and north-northwest dykes of quartz monzonite to granodiorite porphyry, are medium grey in colour and have a biotite content of between 7 and 10 per cent thus distinguishing this phase from the leucocratic varieties.

Northeasterly striking dykes of fine-grained hornblende and biotite lamprophyre. about 2 metres wide, occur south and east of the quartz monzonite porphyry stocks. These dykes weather a brown colour. have chilled contacts, and are of post-mineral age.

Contact metamorphism associated with the intrusion of the porphyry stocks has converted argillaceous sedimentary rocks to brown and purple-coloured biotite hornfels in an area 900 metres outward from the intrusive stocks. Within an inner zone measuring 1050 metres in diameter and extending 150 to 300 metres outward from the stocks, secondary bleaching, related to hydrothermal alteration associated with the mineralizing event, has converted biotite hornfels to a light green rock consisting essentially of quartz, sericite and some epidote.

Sedimentary and volcanic rocks underlying Mount McGuire are part of the steep east limb of a regional anticline. Most drainages in the property area follow faults which strike north-northwest and east-northeast, the dominant structural trends in the Alice Arm district. The importance of these faults and fracture patterns in governing the orientation of intrusive contacts is reflected by the rectilinear nature of the stock contacts and the trend of dykes between the stocks. The east-northeast faults and fractures are oldest, pre-dating the age of the porphyry intrusions and related molybdenum mineralization. The north-northwest faults are significantly younger; both lamprophyre and felsic dykes are offset by a north-northwest-striking fault 1200 metres south of the summit of Mt. McGuire.

The prominent gossan surrounding thn porphyry intrusions at Ajax is due to disseminated pyrrhotite throughout within the biotite hornfels zone. Closer to the intrusive rocks, quartz-filled fractures contain some pyrrhotite and molybdenite. Molybdenite is most commonly associated with quartz veinlets where it is usually concentrated along selvages of the veinlets but may also occur as coatings of hairline fractures.

The current knowledge of the distribution and tenor of molybdenite mineralization at Ajax is based entirely on the more than 12000 metres of diamond drilling completed since 1965. A drill hole plan (which does not include the holes drilled in 2006) is included as Figure 3 and details pertaining to hole locations, hole lengths, etc. and summary analytical details are included as Appendix II.

As currently defined, molybdenum grades of 0.050% and greater are contained within a circular zone measuring 650 x 600 metres in diameter and extending from surface at an elevation of about 1050 metres to depths of more than 1000 metres as indicated by 2006 drilling (Figure 4). The zone, which apparently dips steeply east (Figure 3) and plunges steeply north, is centred on the four intrusive stocks shown on the inset of Figure 1 and is also central to the 1050 metres diameter zone of intense bleaching of original biotite hornfels. The northern limits of the zone are in part coincident with a fault which is reflected by a prominent east-northeast drainage.

Molybdenite mineralization is reasonably evenly distributed between the leucocratic porphyry intrusions and the surrounding hornfels. The biotite and hornblende-bearing quartz monzonite and granodiorite porphyries by contrast are only weakly mineralized and as such appear to be later in the intrusive-mineralizing sequence.

The overall grade of the Ajax molybdenum zone, as initially indicated by 1960s Newmont drilling, averaged 0.074% Mo at a 0.060% cutoff grade. It was felt at the time that the average molybdenum grade was understated due mainly to inadequate drill core recoveries. Good potential for enhanced grades within the broader mineralized zone was thought to exist within and marginal to the east-northeast fault zone near the northern limits of the zone. This concept was originally proposed by Takeda (1966) who had noted that northeast-striking quartz veins with fair quantities of molybdenite exposed near this fault zone had not been encountered in subsequent drilling. Further, he noted that there was no apparent offsetting of granitic dykes along the steeply

north-dipping fault suggesting that it pre-dated the period of intrusion and related molybdenum mineralization.

Takeda (1966) was of the opinion that better concentrations of molybdenum mineralization might be expected within an east-west, north-south area measuring 450 x 300 metres and centred on drill hole 66-15. Further, he noted that most of the drilling completed to that time had consisted of inclined holes drilled on azimuths parallel to the dominant east-northeast structural direction. In order to outline areas with possible grades of between 0.12% and 0.18% Mo, Takeda (1966) recommended a program of fill-in drilling in the area of drill holes 65-01, -04 and 66-19. Significantly, it was recommended that at least some of the holes be drilled on northwest-southeast azimuths to crosscut this prospective east-northeast trending zone.

The drilling program recommended for 1967 was modified to consist of four deep inclined holes drilled on westerly azimuths to test the mineralized zone within this general area at depths of about 550 metres below surface.

The east-northeast trend of at least parts of the larger mineralized zone was also referred to in subsequent Newmont reports. Figure 2 includes an illustration of the deposit on a horizontal section or level plan for the 2,000 ft. (610 metres) level which is based on the results of work completed through 1967. Readily apparent are the east-northeast zones A and C. Zone A is bracketed by two steeply south-dipping faults, between which, as described by Giroux (2006, page 23 after Wilkins, 2006), are grades of >0.10% Mo within a northeast trend coincident with these faults.

As indicated on Figure 2 and Appendix II, most of the drill holes completed on the Ajax property have been inclined holes drilled on west-southwest azimuths or essentially parallel to zones thought to contain enhanced molybdenum grades. Nevertheless, a review of drilling results to date suggests that intervals of better molybdenum grades (>0.10% Mo) are contained in holes drilled within 100 metres of the east-northeast fault zone. These include drill holes 65-01, -02, -03, -05, 66-14, -15, -19, -20 and 67-03. Significantly, the only hole drilled to date on an azimuth normal to the east-northeast trend was 65-04, drilled in a northwesterly direction away from the mineralized zone.

An alteration study based on 365 pulp samples from 19 Ajax drill holes and subsequently involving X-Ray diffraction and fluorescence analyses first included the compositing of these samples into 50 ft. (15.2 metres) intervals for which Mo values were also calculated. (These results form the basis for the various intervals reported for historic holes in Appendix II). These Mo values, when contoured in plan (Hausen, 1981), in addition to an small, northerly trending oval area of higher grade material, also show a northeast trend.

A similar alteration study, undertaken for the Kitsault deposit (Woodcock and Carter, 1976), allows for limited comparison of results. K-feldspar/plagioclase ratios increase with depth at Ajax and while depth data is no available for Kitsault, K-feldspar and quartz contents in plan view were seen to be most intense within an elliptical zone extending outward between 100 and 400 metres from the annular molybdenum zone. Other data could not be compared including the trace element data, available for Kitsault but not for Ajax.

What distinguishes Ajax from Kitsault and the other Alice Arm molybdenum deposits is the large (>1000 metres diameter) zone of quartz-sericite alteration or bleaching of original biotite hornfels centred on the molybdenum zone. The intensity of this style of alteration is similar at Kitsault but it is much more restricted in areal extent.

CONCLUSIONS AND RECOMMENDATIONS

The Ajax molybdenum deposit is by far the largest in the Alice Arm district and one of the largest in North America. Grades are uniform, averaging a little more than 0.070% Mo and including apparently narrow drill hole intervals of material greater than 0.10% Mo. The most recent drilling to depths of more than 1000 metres below surface returned values similar to the overall average. This large system has been tested by a relatively limited amount of drilling involving widely spaced holes.

Areas of enhanced (>0.10% Mo) grades may be related to an east-northeast-trending fault zone near the northern limits of the currently defined molybdenum zone. This structure has not been adequately tested by drilling to date and it is proposed that a number of inclined holes be drilled at northwest-southeast azimuths with the initial three holes drilled from existing drill sites (66-14, 66-15 and 05-03) which are 150 to 200 metres apart. These holes would provide valuable information concerning the potential for higher grades marginal to the east-northeast fault zone in the southern part of a conceptual open pit. Assuming that encouraging results are encountered, a number of infill holes will be necessary. A 10000 metres drilling program might involve expenditures of approximately $2 million.

Respectfully submitted,

N.C. Carter, Ph.D. P.Eng.

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APPENDIX I

DIAGRAMS

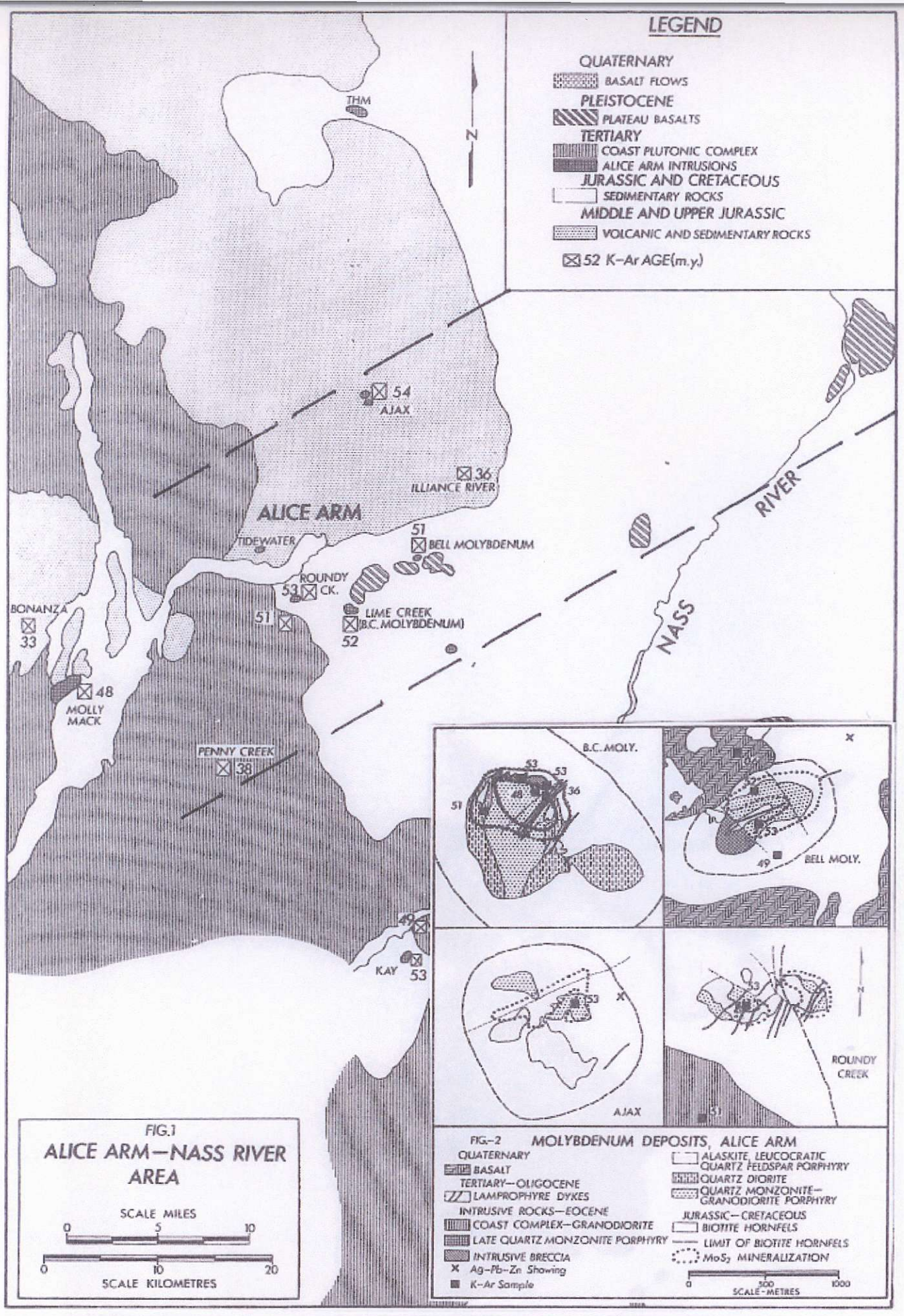

FIGURE 1 – ALICE ARM Mo DEPOSITS – "NORTHEAST CORRIDOR"
(Inset shows features of four Mo deposits at same scale)

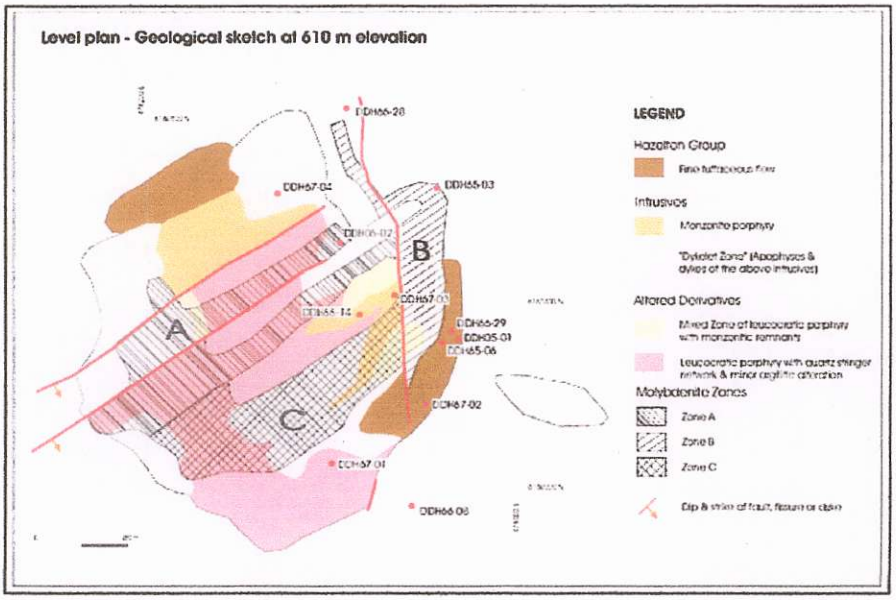

Figure 7: Horizontal Geological Section at 2000' Elevation (after Sheldon, 1968)

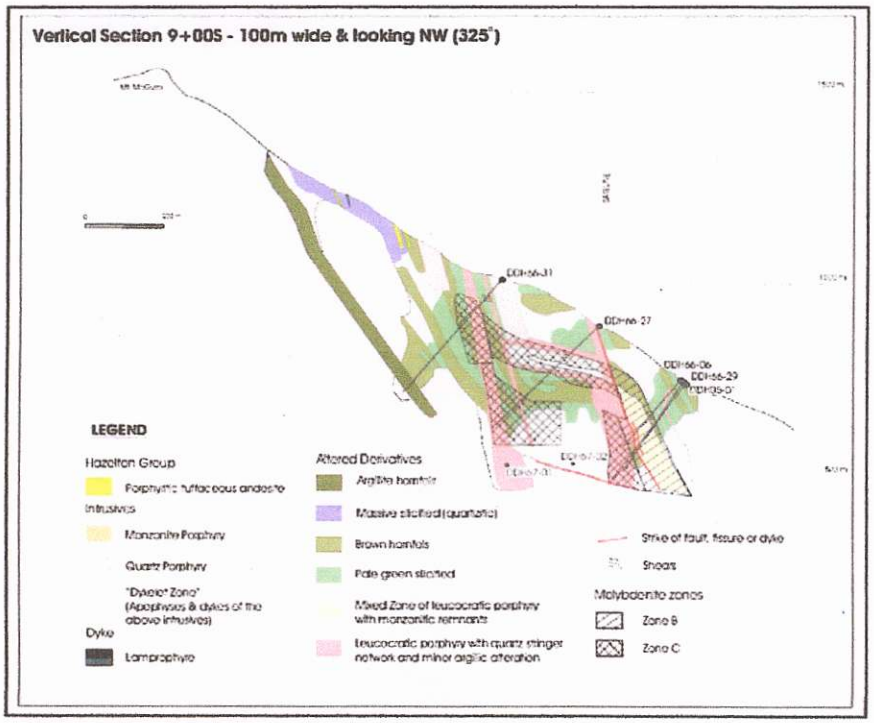

Figure 8: Diamond Drill Hole Vertical Section 9+00S (after Sheldon, 1968)

FIGURE 2 – AJAX DEPOSIT SHOWING ORIENTATION OF Mo ZONES (2000' elevation = 610 metres)

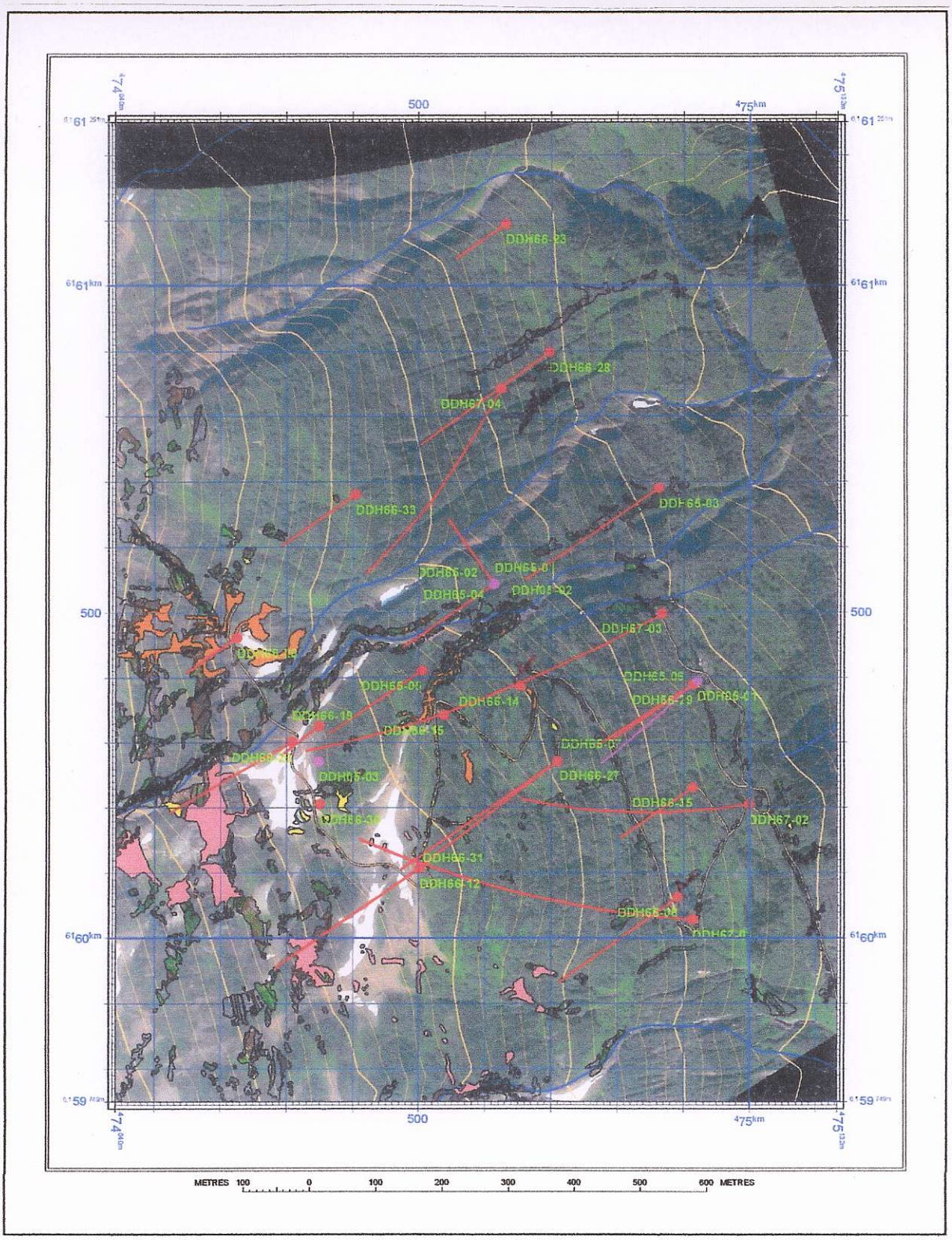

FIGURE 3 – AJAX Mo PROPERTY DRILL PLAN
(2005 holes not shown)

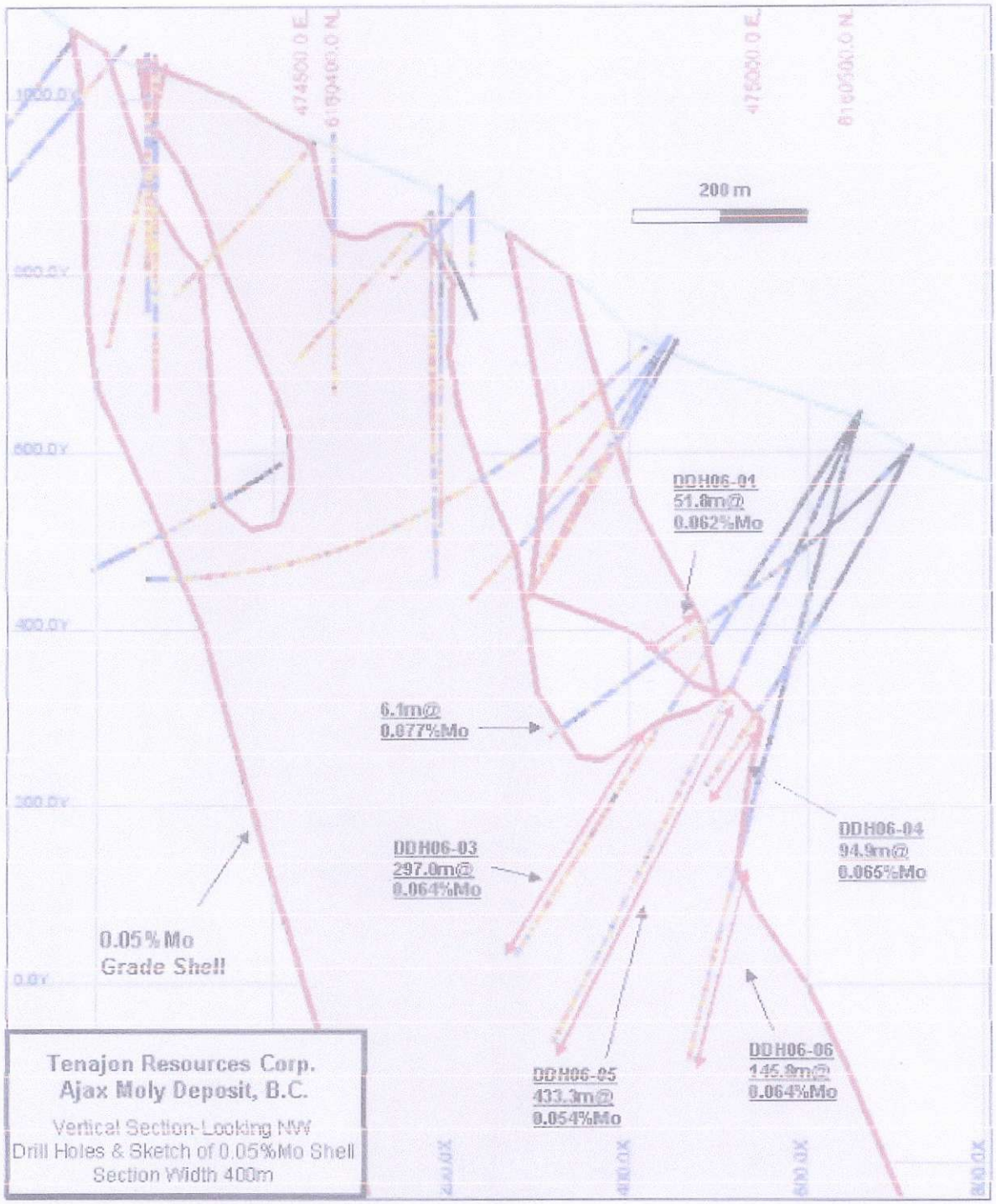

FIGURE 4 – AJAX Mo PROPERTY – SECTION SHOWING 2006 DRILL HOLES

APPENDIX II

DRILL HOLE INFORMATION

Ajax Drill Hole Locations						
Hole No.	Easting	Northing	Elevation(m)	Length (m)	Dip	Azimuth
65-01	474614	6160543	886	240.8	-45	235
65-02	474614	6160543	886	237.4	-90	NA
65-03	474862	6160690	690	346.9	-45	235
65-04	474614	6160543	886	171.3	-45	325
65-05	474504	6160411	929	243.8	-45	235
65-06	474914	6160389	738	245.4	-50	235
65-07	474709	6160271	895	95.1	-45	235
				1580.7		
66-08	474892	6160063	800	340.2	-49	234
66-12	474501	6160107	1017	46.9	-50	235
66-14	474653	6160386	867	394.1	-90	NA
66-15	474538	6160342	967	293.5	-90	NA
66-19	474350	6160326	1060	326.1	-77	232
66-20	474309	6160301	1069	303.6	-45	240
66-23	474632	6160095	742	133.5	-46	235
66-26	474225	6160461	1084	145.1	-50	235
66-27	474709	6160271	895	408.4	-45	235
66-28	474697	6160898	717	339.9	-45	234
66-29	474914	6160389	738	302.7	-55	237
66-30	474350	6160206	1058	291.1	-90	NA
66-31	474501	6160107	1017	415.7	-50	235
66-33	474405	6160681	977	222.8	-52	235
66-35	474914	6160231	718	191.4	-45	235
				4155		
67-01	474914	6160029	798	627.6	-45	282
67-02	474999	6160205	743	424.9	-42	269
67-03	474868	6160498	734	654.1	-44	243
67-04	474624	6160843	777	658.7	-33	210
				2365.3		
05-01	474921	6160395	734	351.1	-55	237
05-02	474614	6160543	886	413	-90	NA
05-03	474348	6160271	1069	400.5	-90	NA
				1164.6		
06-01	475183	6160454	605	531.9	-47	256

06-02	475100	6160552	646	126.2	-57	258
06-03	475100	6160552	646	728.5	-57	268
06-04	474170	6160455	590	449.5	-63	246
06-05	475100	6160552	646	792	-65	255
06-06	475100	6160552	646	759.9	-73	273
				3388		
35 holes				12653.6		

Ajax Significant Drilling Results						
Note: - the following historic drilling results are based on partial information only						
mainly 50 ft. (15.2 metres) composites collected for 1980-91 alteration studies						
Results are reported for background information only						
Hole No.		Interval (m)		Length (m)		Mo (%)
66-15		18.3-48.8		19.5		0.7
		109.7-292.6		182.9		0.088
66-19		0-195.1		195.1		0.101
	(including	0-45.7		45.7		0.173)
66-26		57.9-118.9		61		0.06
66-27		64.0-289.6		225.6		0.086
	(including	106.7-178.3		71.6		0.11)
66-29		106.7-149.4		42.7		0.06
		234.7-304.8		54.9		0.06
	(including	234.7-249.9		15.2		0.13)
66-30		21.3-106.7		85.4		0.122
		140.2-291.1		150.9		0.095

	(including	125.0-246.9		121.9		0.111)
66-31		85.3-131.1		45.8		0.123
		164.6-195.1		30.5		0.08
66-33		192.0-222.8		30.8		0.055
66-35		118.9-182.9		64		0.06
67-1		246.9-610.8		363.9		0.071
	(including	536.3-610.8		74.4		0.106)
67-2		185.9-424.9		239		0.083
	(including	302.8-424.9		117.1		0.114
67-3		36.6-661.4		624.8		0.098
	(including	82.3-143.3		61		0.118)
	(including	371.9-493.8		121.9		0.131)
	(including	554.7-600.5		45.8		0.15)
67-4		246.9-323.1		76.2		0.064
		475.5-597.4		121.9		0.076
Ajax Significant Results of 2005 and 2006 Drilling						
Hole No.		Interval (m)		Length (m)		Mo (%)
05-01		154.2-351.1		196.9		0.098
	(including	154.2-166.4		12.2		0.300)
05-02		1.22-289.0		287.8		0.086
	(including	80.2-113.7		33.5		0.203)

05-03		2.4-92.4		90		0.075
	(including	40.5-61.9		21.4		0.111)
		157.9-400.5		242.6		0.062
	(including	319.4-400.5		81.1		0.093)
06-01		312.4-364.2		51.8		0.062
	(including	333.4-352.0		18.6		0.081)
06-02	No significant results - hole abandoned at 126 metres short of target					
06-03		340.8-353.0		12.2		0.068
		418.7-511.7		93		0.065
	(including	465.7-481.0		15.3		0.083)
		523.4-670.0		146.6		0.073
	(including	523.4-532.8		39.4		0.095)
06-04		349.0-443.9		94.9		0.065
	(including	373.4-385.6		12.2		0.086)
	(including	422.2-443.9		21.7		0.086)
06-05		346.9-593.7		246.8		0.057
	(including	558.8-563.0		4.2		0.119)
	(including	575.3-583.7		8.4		0.100)
		702.1-780.2		78.1		0.057
	(including	758.3-765.5		7.2		0.089)
06-06		614.0-759.9		145.9		0.064
	(including	630.0-642.5		12.5		0.107)
	(including	676.1-685.2		9.1		0.082)
	(including	752.3-759.9		7.6		0.099)