STRALAK RESOURCES INC.

[SRK-V] 8,713,375 SHS.

HYDROMAGNESITE TESTING REPORT - Edward Blanchard, president, reports Stralak Resources Inc. has received the Phase II report from CIREP (Chair in Industrial Refractories, Ecole Polytechnique, Montreal). As announced 22Jun99, the company engaged CIREP to conduct further sintering and calcination studies on hydromagnesite samples from its 70% optioned hydromagnesite project in the Atlin area, northwestern BC.

The Phase I CIREP report established the hydromagnesite samples contained 82.8% hydromagnesite, 15.4% magnesite, 1.3% bischofite and 0.4% goethite. It was thought such a raw material might be used directly for thermoplastics, fire retardants and other applications such as filters, fertilizers, or as a calcined product as a source of magnesium oxide.

Phase II testing has confirmed the material is a good source of calcined magnesia (light-burned and hard-burned), and that it may be offered to markets using calcined magnesia, such as the flame retardant market, either directly or with some crushing, depending on the requirements.

Calcined magnesias are used in: - Environmental applications, such as stack gas scrubbing and waste water neutralization; - Chemical industries, such as plastics, rubber, pulp and paper; - Agriculture and nutrition, used in fertilizer supplementation, animal and human food products; - Pharmaceutical industry, used in the synthesis of magnesium salts and in cosmetics; - Building materials, such as cements; used as binders in flame retardant, fire retardant coatings, flooring, decking, wall boards, and particle boards; and - Manufacturing industries and many diverse industrial materials.

Prices are dictated by the calcination temperatures and the purity. For example, caustic-calcined (light-burned and hard-burned) may sell for US $230/ton for 90% purity, and US $260/ton for 96% purity.

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The temperature of calcination is the key factor dictating the end-usage of the magnesia. Light-burned (or caustic) magnesia is produced by calcining at temperatures ranging from 600°C to 1000°C. The hard-burned magnesia is produced by calcining at temperatures ranging from 1000°C to 1500°C. The report notes the calcined magnesias being offered on the market have a minimum purity of 88% to 92% MgO. The majority of commercial products have an MgO content of 92% to 97% MgO. During Phase II testing, the Stralak material reacted well to calcination. Samples calcined at 600°C (light-burned) yielded 92.6% MgO, and calcined at 1200°C (hard-burned) yielded 98.9% MgO.

As research indicates the hydromagnesite may be used in thermoplastics, with only drying, pulverizing, and screening required, Stralak is in discussions with a U.S. distributor with a view to marketing the material to the plastics industry.

The report also briefly discussed the material as a source of dead-burned magnesia (or periclase), for use in refractories. The sintering study on the Stralak material indicated precalcination would be needed to achieve the minimum bulk density required after sintering. A beneficiation plant would be required to process the material through calcination, crushing, pelletizing, and sintering, should the company plan to promote the material for use in the high-grade periclase market.

Separately, Stralak also reports the private exploration company which has an option to acquire up to 15% of its lead, zinc, silver, copper property in the Sudbury Mining Division, Ontario, has advised they plan to begin a diamond drilling program this October. The optionee is exploring a new discovery, found last autumn west of the originally-explored deposits. (SEE GCNL NO.123, 28Jun99, P.4 FOR PREVIOUS MAGNESIUM & OTHER PROJECT DATA)