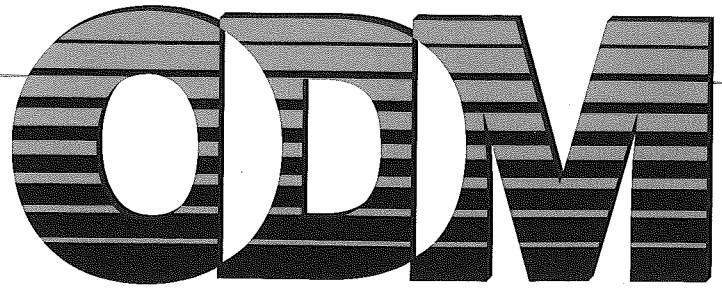


EXPLORING HEAVY MINERALS



Sept 17, 2010

Mr. Don Elsenheimer
Minnesota Dept. Of Natural Resources
500 Lafayette Rd
St. Paul, Minnesota
55155-4045 USA

e-mail: donald.elsenheimer@dnr.state.mn.us

Dear Mr. Elsenheimer:

Re: Morphology of Gold Grains in Sample BF-131, Bigfork Lake Area, Minnesota

Attached find four scanning electron microscope (SEM) images illustrating the morphologies of the 19 gold grains that we recovered from the archived heavy mineral concentrate (HMC) of till sample No. BF-131 from your Bigfork Lake project. When we originally prepared the HMC in June, it yielded 40 gold grains. We reported 19 of these grains as having the reshaped morphology and generally toroidal form, suggestive of a beach placer source, of the grains in other samples from the Bigfork Lake project as described in my December 9, 2009 and June 22, 2010 reports. Of the other 21 grains – the smallest ones in the sample – 20 were reported as modified and the other pristine. The objective of the SEM study was to further investigate the population of modified grains which appears to be unique to Sample 131.

SEM magnification shows that the grains that were originally classified as modified by binocular microscope are actually pristine and have not undergone any glacial transport. They simply have a complex primary form that was mistaken for the secondary folding (i.e. modification) that occurs during glacial transport.

Photo 1 is an overview of all 19 grains with 11 reshaped grains at the top and 8 smaller (maximum 25 microns), pristine grains at the bottom. Photo 2 shows details of one of the reshaped grains with a toroidal form similar to the grains photographed in June from Sample BFT-41. Photos 3 and 4 show details of two representative pristine grains. These grains have an unusually complex form not normally found on gold grains in sediments. The surfaces of both the pristine and reshaped grains consist of pure, 1000-fineness gold and those of the pristine grains are patchily coated with a thin film of limonite.

The unnatural features on the pristine grains include intricately branching “buds” typical of anthropogenic gold precipitated from solution, with some spherical protuberances similar to gold spheres crystallized from a melt but lacking the quench cracks commonly formed on such spheres. In addition, traces of chlorine, a known gold solvent, were noted on all of the pristine grains but not on the reshaped grains.

Considering the dust-like size of the pristine gold grains, they may represent airborne contamination. Whether this contamination occurred after or before the samples were collected is not apparent as the limonite film could have formed before or after the gold was introduced into the samples.

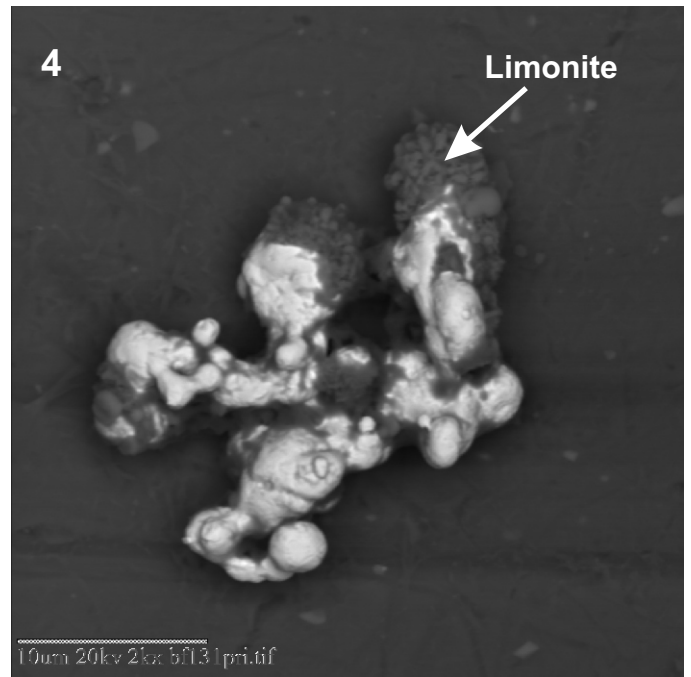
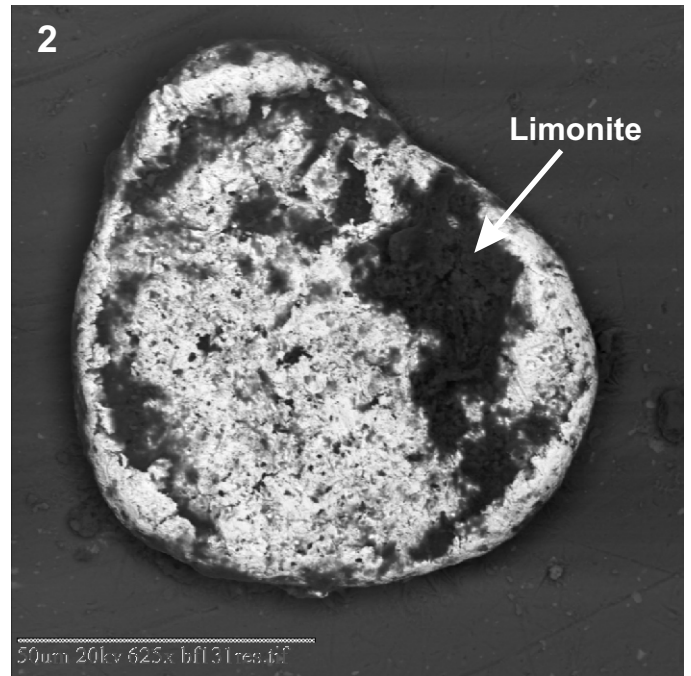
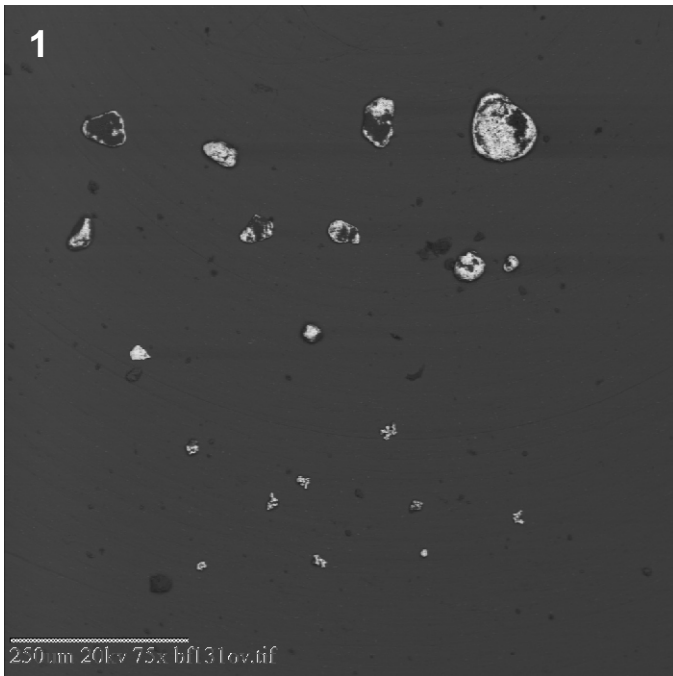
I hope these observations and interpretations are helpful. Please call me if you have any questions.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Stuart Averill', is written over a light blue horizontal line.

Stuart Averill, P.Geo.
President

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Photos 1 to 4 – SEM images of representative gold grains from Sample BF-131: 1) overview of 19 grains illustrating the contrasting reshaped (11 large grains at top) and pristine (8 smaller grains at bottom) populations; 2) typical reshaped grain with toroidal form suggestive of a placer beach source; 3) pristine grain, partly limonite coated, showing complex, bud-like, locally spherical growth form suggestive of precipitated anthropogenic gold; and 4) second grain similar to Photo 3. Scale bars in microns.