BANNOCKBURN NICKEL PROPERTY
SUMMARY OF EXPLORATION WORK

EXECUTIVE SUMMARY

The Bannockburn property is located in west-central Bannockburn Township and east-central Montrose Township approximately 100 kilometres southeast of Timmins and 27 kilometres west of Matachewan.

The identification of three new Ni-Cu sulphide mineralization occurrences in an area previously thought to have low potential represents a preliminary exploration success by Outokumpu Mines. Two of the sulphide occurrences are related to Kambalda style, komatiite hosted, Ni-Cu sulphide deposits with net-textured and massive sulphides at or near the basal peridotite/footwall contact. The third sulphide occurrence has similarities to the Mt. Keith style Ni-Cu sulphide deposits with disseminated and blebby sulphides hosted centrally within a thick olivine adcumulate unit (dunite).

Kambalda style Ni-Cu sulphide deposits tend to occur in clusters and the discovery by Outokumpu Mines of sulphide mineralization could lead to several additional discoveries in the same area. The nickel tenor of the massive and net-textured sulphides range from between 3-40% Ni in 100% sulphides.

Mt. Keith style Ni-Cu sulphide deposits also tend to occur in clusters and the discovery by Outokumpu Mines of disseminated and blebby sulphides in one adcumulate unit increases the potential of the entire region. The nickel tenor of the disseminated and blebby sulphides is very high at greater than 70% Ni in 100% sulphides. The olivine adcumulate body, that hosts the sulphide occurrence, has been outlined on surface and represents a drill target exceeding 1.8 kms in strike length.

Exploration work completed on the property includes: ground magnetic, HLEM, and Pulse EM surveys; down hole pulse EM, Mise a la Masse surveys and petrophysical property surveys; diamond drilling; surface geological mapping; whole rock and assay geochemical surveys; and enzyme leach and mobile metal ion soil geochemical surveys.

There is a high potential of discovering further Ni-Cu sulphide mineralization within the property boundaries, either as extensions of the known sulphide zones and/or new sulphide zones. Diamond drilling is strongly recommended to test the extension of the known sulphide nickel targets outlined to date and to test several new geophysical and geological targets.

TERMS OF REFERENCE

This preliminary report was prepared by Kenneth Lapierre P. Geo, the VP Exploration of Mustang Minerals Corp. and the qualified person for purposes of National Policy 43-101. This report will not be filed with any regulatory body in Canada or elsewhere. All information in this report is currently available from publicly available sources in Canada, particularly from Province of Ontario offices in Kirkland Lake Ontario. Such information and information in this report may not conform to requirements of National Policy 43-101.

INTRODUCTION

This report summarizes the results of the exploration work completed on the Bannockburn Property by Outokumpu Mines Inc. Mustang Minerals Corp acquisition of the Bannockburn Ni property was the result of its' extensive research within the Abitibi Greenstone belt which confirmed that both "Kambalda and Mt. Keith Style" deposits have the potential to exist in this part of Belt.

LOCATION AND ACCESS

The Bannockburn Ni property is located approximately 100 kilometres southeast of the City of Timmins and 27 kilometres west of the Town of Matachewan. The property is accessed either from Matachewan heading west along Highway 566, a paved and gravel road maintained year round 'by the Ontario Government, or from Timmins by a network of gravel roads only navigable in the late spring, summer, and fall. The property is approximately 5 kilometres south along a gravel bush road from the end of the Highway 566. The initial property consists of 143 contiguous unpatented mining claims in Bannockburn and Montrose Townships. The claims represent a total of 2288 hectares of land.

TOPOGRAPHY, VEGETATION AND WATER AVAILABILITY

The area is well drained with moderate topographic relief. Large sand and outcrop ridges trend north-south across the property. Outcrop exposure is approximately 5% but is generally restricted to the calc-alkaline volcanic sequences. The komatiitic rocks tend to lie in topographic lows, covered by swamps and lakes, and outcrop only along the edges of large dacite ridges. Several lakes are located on the property and represent approximately 10% of the area. There are only a few minor beaver ponds and swampy areas associated with lakes and small streams. The forests are a combination of jack pine, aspen, birch, and alders with the occasional red pine and cedar trees. Many of the forests in this area have been designated for cutting or have already been cut by forestry companies. Water accessibility is excellent throughout the year.

PROJECT HISTORY

The Bannockburn Township area has undergone several periods of exploration activity. Exploration was carried out in the asbestos bearing ultramafics around Rahn Lake in 1919, followed by a period of mining from 1937 to 1939 by the Empire Asbestos Company Limited. Further exploration in the 1930's was directed towards gold after several high grade gold showings were discovered in northwestern Bannockburn Township.

A renewed interest in asbestos in the late 1960's and early 1970's attracted Canex Aerial Exploration Limited to complete geophysical and geological surveys over the property area. Several vertical diamond drill holes were completed on the highly magnetic bodies located within the present claim block. Sulphide mineralization associated with olivine cumulate rocks was noted in several drill holes completed in the area. It appears that these sulphide intercepts were not assayed for their Ni contents.

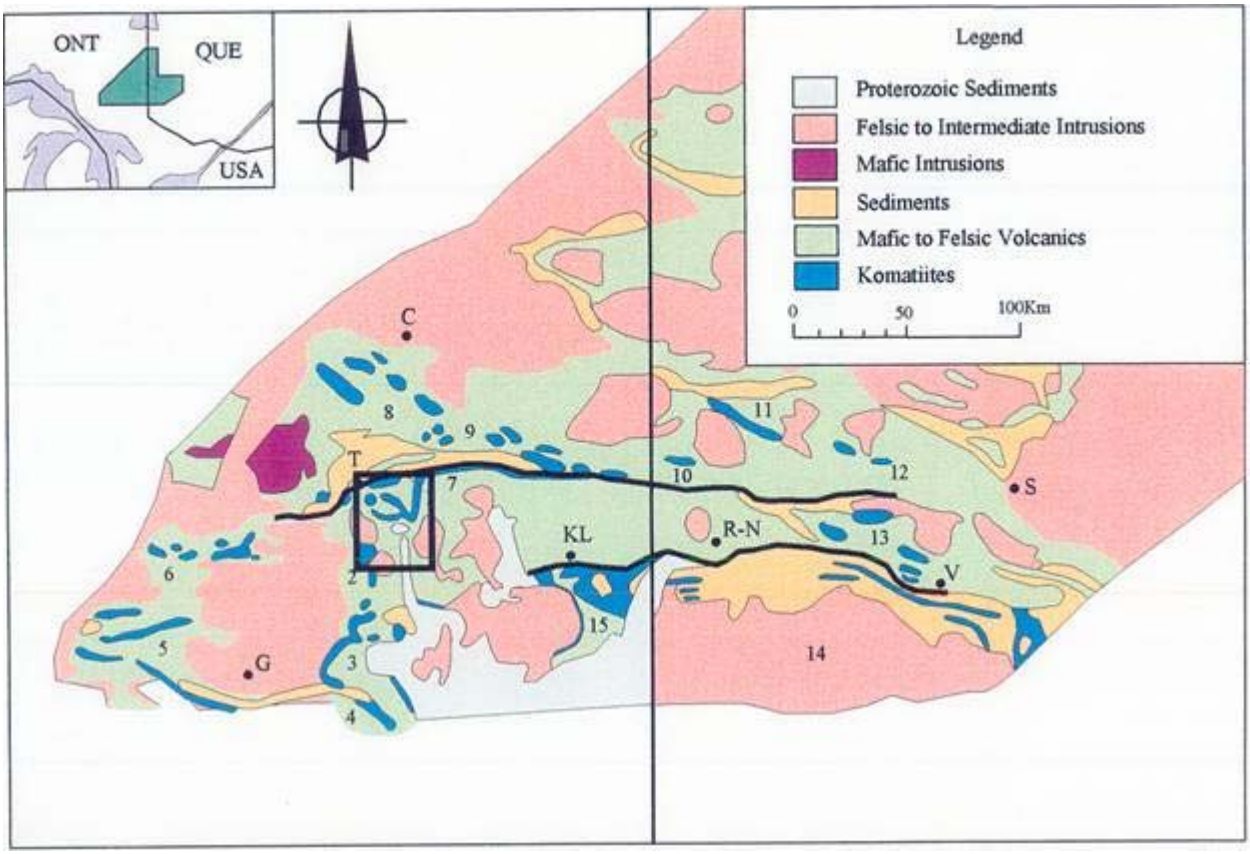

Figure 1: Regional geological map showing the distribution of komatiitic successions in the Abitibi greenstone belt (modified from Goodwin and Ridler, 1970; MERQ-OGS, 1983; and Heather, 1993).

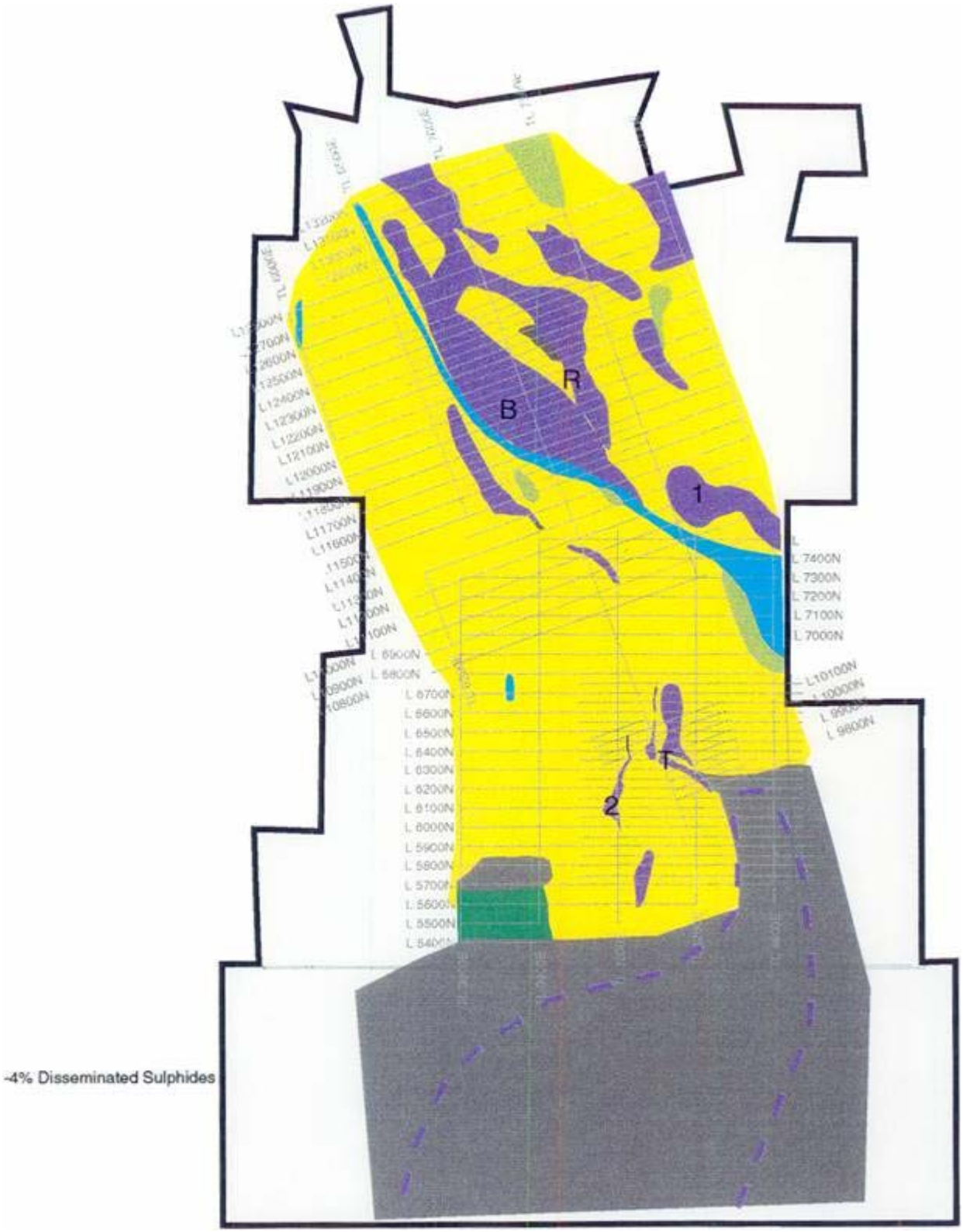

Figure 2: Bannockburn Property Geology Map

Portions of the property were within the boundaries of a land caution initiated in the early 1970's and not returned to active exploration until 1995. The remainder of the property was staked occasionally by prospectors, but no further exploration was completed on the property.

GEOLOGY

Regional Geology

The rocks in west central Bannockburn Township and eastern Montrose Township are interpreted to be within the eastern extension of the Halliday assemblage and the Midlothian assemblage (figure 1). The Paleoproterozoic Huronian Supergroup covers the southern portion of the property (Jackson and Fyon, 1991).

The Halliday assemblage consists of rhyolitic to dacitic flows, breccias, and tuffs, and andesitic to basaltic flows and pyroclastic rocks, with a lesser proportion of gabbroic and peridotitic rocks. The Halliday assemblage is estimated at greater than 2700 million years in age.

The Midlothian assemblage is described as neoarchean metasedimentary rocks that consist of interbedded turbidites, arkose, conglomerate, sandstone, and lesser argillite. Jackson and Fyon (1991) interpret the Midlothian assemblage as the western extension of the Timiskaming assemblage. This would make the Midlothian assemblage 2685 and 2675 million years old. The Midlothian assemblage is interpreted to diconformably overly the Halliday assemblage.

The Paleoproterozoic Huronian Supergroup consists of sedimentary cycles that range from conglomerate, mudstone, siltstone, and coarse arenite (Bennett, Dressler, and Robertson, 1991). The rocks are approximately 2500 to 2220 million years old. The rocks in southern Bannockburn Township belong to the Cobalt group which represents the upper most sedimentary cycle in the Huronian Supergroup. The Huronian Supergroup unconformably overlies the Halliday and Midlothian assemblages.

Local Geology

The property consists of a complex sequence of calc-alkaline intermediate to felsic volcanic rocks, mafic volcanic rocks, komatiitic basalts to dunites, silicate to sulphide iron formations, gabbro intrusions, and a series of diamictites, arkoses, and conglomerates (figure 2).

The intermediate to felsic volcanic rocks range in composition from rhyo-dacites to dacitic-andesites. The units range from hyaloclastic-fragmental flows to pillowed flows, and massive flows. Chlorite and quartz filled amygdules are found throughout the units in varying proportions from 1 to 10%. Weak chlorite alteration is pervasive with lesser amounts of epidote and hematite alteration. The pillow selvages and flow contacts tend to display stronger chlorite alteration. Pyrrhotite and pyrite mineralization occurs throughout the sequence, but tends to be concentrated, up to 10%, within the hyaloclastic and fragmental zones. Mafic volcanic rocks, with a calc-alkaline affinity, tend to be confined to localized areas within the felsic to intermediate sequence and do not appear to be laterally extensive.

The komatiitic rocks appear to be extrusive in nature with flow top rubble zones and spinifex-textured zones, that indicate tops are to the east. The komatiitic rocks range in composition from pyroxenitic cumulates (chlorite-tremolite rocks) to olivine adcumulates (serpentinite rocks). A preponderance of the komatiitic rocks are olivine orthocumulates to mesocurnulates laterally away from olivine adcumulate cores. The komatiitic sequence is only exposed in a few areas and determinations of its composition and laterally continuity are difficult to interpret. The komatiitic rocks strike north-northwest for approximately 4 kilometres as discrete lenses and/or horizons. Based on the ground magnetic surveys there appears to be at least 3 or possibly 4 horizons of komatiitic rocks.

At least two separate and distinct mafic intrusions are contained within the property boundaries. One phase is a moderate to high titanium, regional mafic/gabbroic dike that can be traced across several tens of kilornetres in a north-northwest direction. The intrusion displays diabasic textures to gabbroic textures and cross-cuts the stratigraphy of the area. The second intrusion is gabbroic in nature but has low titanium and high alkaline element

composition. This gabbro tends to be associated at the margins of the komatiitic sequences, cross-cutting olivine cumulates in some areas, and may be associated with the calc-alkaline volcanic rocks.

The Archean sedimentary rocks appear to have a similar strike and dip as the komatiitic rocks over the northern and central portion of the property. The bed thickness appears to vary throughout the area and range from a few centimetres up to several metres. The conglomerates are dominated by granitic clasts and white quartz clasts with varying proportions of mafic to felsic volcanic clasts and plagioclase porphyry clasts. The conglomerates tend to be clast supported. The southern portion of the property is covered by Huronian conglomerates and arkoses, however, a large highly magnetic body underlies the sediments, probably representing a large komatiitic olivine cumulate sequence.

Geological Models

Geological models were first developed in Western Australia for komatiite hosted Ni-Cu sulphides after the discoveries of the Kambalda and Mt. Keith deposits. Two types of models have been applied to most komatiitic Ni-Cu deposits throughout the world. These two models are the Kambalda, channelized flow theory, and the Mt. Keith, sheet flow theory.

Komatiitic rocks are derived from high degree partial melts of the earth's mantle. Due to the high degree of partial melting the komatiitic melt is enriched in elements such as nickel and magnesium. When erupted, the melts have a low viscosity and tend to flow turbulently over the substrate eroding the footwall lithologies through a combination of physical and chemical processes.

Due to the low viscosity of the komatiitic melts the lavas tended to concentrate in topographic lows. Komatiitic eruptions have been envisaged to have a high effusion rate and large volumes of lava and/or magma. The Mt. Keith style of deposits are associated with sheet flows several hundreds of metres thick by several kilometres to tens of kilometres long and are composed primarily of olivine adcumulate to mesocumulate.

Further down stream, more distal from the eruptive source the komatiitic flows would become channelized, similar to a river channel today, and begin to erode the substrate forming more defined channel feature. This channelization is the comer stone of the Kambalda model. Denser sulphides would tend to accumulate in the bottom of the channel like features. As the eruption continued the channel would fill with olivine mesocumulate to adcumulate because of the constantly replenished MgO-rich komatiitic melt. As the eruption began to wane the channel would be capped by a sequence of regressive komatiitic flows composed of komatiitic pyroxenites and basalts.

In order to develop Ni-Cu sulphides the komatiitic melt must become saturated in sulphide. A komatiitic melt will become sulphur saturated when an external source of sulphur is introduced to the melt by assimilation of a sulphide rich lithology or by differentiation or contamination of a komatiitic melt until the sulphur content exceeds the saturation point. A strong relationship exists between the presence of footwall lithologies rich in sulphide and the development of Ni-Cu sulphide deposits in the overlying komatiitic flows. This association is strongest in the Kambalda style Ni-Cu sulphide deposits. Differentiation or the assimilation of rocks rich in certain elements may result in the oversaturation of the komatiitic melt in sulphur. This is the mechanism related to the development of the Mt. Keith Style of deposits.

Structures

The identification of major structures has been limited to geophysical interpretations due to a lack of outcrop exposure. Based on surface mapping and diamond drilling, the volcanic stratigraphy of the area appears to be in its original position. Minor folding may occur throughout the area but there does not appear to be major folding episodes as the komatiitic flows/sills, does not display fold features.

Minor faulting occurs throughout the area and displacements of a few metres or few tens of metres are commonly observed in outcrop. Minor offsets are also observable within the magnetic surveys. Major fault offsets are not observed although a regional diabase dike may follow a sheared or faulted feature.

The area appears to have been exposed to an episode of uplift or transgression as indicated by the development of horsts and grabens. The grabens are now filled with Huronian sediments and occur as arms of sedimentary rocks that extend from the south and pinch out to the north. Sedimentary rocks also occur as isolated occurrences surrounded by Archean lithologies. The near vertical faults have not been observed on surface or in drill holes and are only interpreted based upon the relationships exhibited by the sedimentary units.

Mineralization

At least three main zones of Ni-Cu sulphide mineralization have been identified on the Bannockbum property (figure 2). Two of the zones, the Thalweg and the Rahn Lake Ni-Cu sulphide zones, are associated with Kambalda style massive and heavily disseminated sulphides that occur in footwall embayments at the base of komatiitic flows. The third zone, the Bannockburn Ni-Cu sulphide zone, has similarities to Mt. Keith-style disseminated sulphides and occurs centrally within a thick olivine adcumulate body.

The Thalweg and the Rahn Lake sulphide zones appear to be composed primarily of pyrrhotite and pentlandite with trace amounts of chalcopyrite and a grey alteration mineral. The nickel tenors of the zones range from between 4% to 43.3% Ni in 100% sulphide. The Rahn Lake sulphide zone displays a gradational nickel tenor that decreases, from >40% Ni to 10% Ni in 100% sulphide, as the basal contact is approached.

The Bannockbum sulphide zone is composed of pyrrhotite, pentlandite and an unidentified grey mineral, with optical properties similar to titanomagnetite, but appears to be a nickel sulphide phase. The nickel tenor of the Bannockburn zone is extremely high at >80% Ni in 100% sulphide.

Thalweg Ni-Cu Sulphide Zone(Kambalda Style)

The Thalweg Ni-Cu sulphide mineralization is associated with a series of komatiitic flows that subcrop beneath Chartlewood Lake, have a strike length of approximately 600 metres and a thickness of between 50 to 200 metres. Sulphide mineralization appears to be restricted to a footwall embayment into the dacitic volcanics identified by the ground magnetic survey. Recon drilling in this area has discovered that the footwall embayment structure hosts a mineralized nickel-bearing channel. The Thalweg Ni Zone is at least 200 meters long and locally up to 18 meters wide. Limited drilling (18 holes) encountered disseminated to net texture to massive nickel rich sulphides at the komatiitic/dacite contact. Significant drill results from the Thalweg Zone ranged from 0.81% to 4.54% nickel over widths ranging from 0.25 meters to 17.6 meters. The Thalweg Zone is open at depth.

The main Thalweg sulphide zone appears to be composed of heavily disseminated to net-textured sulphides that range between 5% and 25% of the rock. The system appears to be a combination of a massive sulphide body surrounded by net-textured and heavily disseminated sulphides that extend laterally from the massive sulphide shoot.

The sulphide mineralization appears to be plunging vertically or steeply to the southeast. The sulphides also appear to snake and weave resulting in the presence of several untested, strong, off-hole conductors identified by down ho1e pulse EM surveys.

Rahn Lake Ni-Cu Sulphide Zone(Kambalda Style)

The Rahn Lake Ni-Cu sulphide occurrence is located approximately 2 kilometres north of the Thalweg zone and appears to be hosted in a komatiitic flow higher in the volcanic stratigraphy. The sulphide mineralization is associated with a komatiitic peridotite body that lies mainly beneath Rahn Lake with a strike length of approximately 600 metres and a thickness of between 100 and 300 metres. Pyrrhotite sulphides were identified in a surface exposure of olivine spinifex-textured komatiites associated with this peridotite body. Limited drilling (1 hole) south of Rahn Lake intersected 0.85% nickel across 4.27 meters. The Rahn Lake Zone is open in all directions.

The presence of a surface PEM anomaly under the Rahn Lake and a Maxmin anomaly at both ends of the lake could be associated with the same mineralized horizon intersected in drilling. The potential exists that the nickel

rich sulphide zone would continue north of the drill hole and would therefore be associated with the untested geophysical targets under and at both ends of the lake.

Bannockburn Ni-Cu Sulphide Zone (Mt. Keith Style)

The Bannockburn Ni-Cu sulphide occurrence is located approximately 2 kilometres north-northwest of the Thalweg zone and approximately 400 metres stratigraphically below the Rahn Lake zone. The sulphide mineralization is associated with a large body of olivine adcumulate to mesocumulate with a strike length of approximately 1.8 kms. and a thickness of greater than 400 metres. Nickel mineralization has been detected in widely spaced (> 400 meter centers) stratigraphic drill holes for a minimum distance of 1.1 kms. and a 150 meter vertical depth. Limited drilling (10 holes) yielded values up to 0.50% nickel across 22.2 meters. The Bannockburn Zone is open in all directions.

The strike extent of this mineralized horizon has yet to be tested in detail. The Bannockburn olivine adcumulate (dunite) is associated with a highly magnetic signature. Its corresponding geophysical anomalies appear to be partly associated with the same mineralization intersected in the stratigraphic drill holes. The geophysical anomalies clearly extends to the north and south of the nickel mineralization intersected in drilling for several hundreds of metres and represents additional untested nickel targets.

DISCUSSION

The presence of three Ni-Cu sulphide zones in komatiitic rocks within the Bannockburn Ni property is very encouraging. It has been well documented that the presence of one sulphide occurrence in a komatiitic sequence greatly increases the potential for discoveries of other komatiite hosted Ni-Cu sulphide occurrences.

The Thalweg Ni-Cu sulphide zone has similarities to Kambalda Style deposits located in Australia and Timmins, Ontario. Limited diamond drilling has identified the presence of massive and net-textured Ni-Cu sulphides associated with the basal contact of a komatiitic peridotite body. Strong off-hole anomalies and Mise a la Masse anomalies indicate that the best portions of the sulphide body may not have been intersected to date and the potential exists for the presence of significant quantities of Ni-Cu sulphide mineralization. Diamond drilling testing the off-hole conductors identified in the flanking drill holes is recommended.

The “Kambalda Style” Rahn Lake Ni-Cu sulphide zone has the potential to host significant quantities of massive to net- textured sulphides with a moderate to high nickel tenor. The association of net-textured sulphides at the basal contact of the komatiitic peridotite with the calc-alkaline dacites and the presence of a coincident pulse EM anomaly at the same stratigraphic horizon under the lake to the north indicates that the sulphide zone may be continuous along strike and at depth. Further diamond drilling is recommended.

The Bannockburn Ni-Cu sulphide zone has similarities to Mt. Keith style of mineralization. The potential of a Mt. Keith style, high nickel tenor, sulphide deposit in this area makes for a very attractive target. Nickel mineralization is associated with a thick olivine adcumulate to mesocumulate body that extends for greater than 1800 metres along strike. Additional drilling along widely spaced lines is recommended and would quickly determine the continuity of the Bannockburn Ni-Cu sulphide zone. Also of interest is the presence of several, strong HLEM anomalies associated potentially with this mineralized contact. The potential exists for massive sulphide accumulations along this basal contact as well as the disseminated zones already identified.