

July 15, 2003

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OUR FILE #: 52367-18

VIA SEDAR

Alberta Securities Commission
British Columbia Securities Commission
Ontario Securities Commission
Nova Scotia Securities Commission
New Brunswick Department of Justice,
Securities Administration Branch

Dear Sirs and Mesdames:

**Re: Jumbo Development Corporation (the "Corporation")
Final Prospectus dated July 14, 2003 (the "Prospectus")
SEDAR Project Number: 537301**

Please find attached hereto a complete electronic copy of the Southampton Associates Inc. report on the Fry Inlet Property, which report was co-authored by David G. Wahl, P.Eng., P. Geo., and John L. Wahl, Ph.D., P.Geo.

We trust this is satisfactory for your purposes.

Yours truly,

PARLEE McLAWS LLP

(Signed)

MICHAEL R. MERCIER

Encls.

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PLEASE REPLY TO CALGARY OFFICE



SOUTHAMPTON ASSOCIATES INC.

REPORT ON
FRY INLET PROPERTY
Northwest Territories, Canada

Prepared for
JUMBO DEVELOPMENT CORPORATION

Toronto, Canada
February 27, 2003

David G. Wahl, P.Eng., P.Geo.
Consulting Engineer

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FRY INLET PROPERTY

1.0 SUMMARY

Jumbo Development Corporation (“Jumbo Development”) retained Southampton Associates Inc. (“Southampton”) and its President Mr. David G. Wahl, P. Eng., P.Geo., a “qualified person”, as defined by National Instrument 43-101, to prepare a report on their Fry Inlet diamond prospect in the Northwest Territories of northern Canada.

Located approximately 90km north of Lac de Gras and 375km northeast of the town of Yellowknife, the Fry Inlet property was acquired by staking in 1992, in an area locally referred to as the “Corridor of Hope”, a region known to contain diamond bearing kimberlite. Over the past decade, as a result of successful exploration and subsequent land divestiture, the property has been reduced in size from 102 claims, comprising 91,995 hectares, to one (1) claim, DIA-52, comprising 1,045.5 hectares, (the “Property”) which contains a diamond bearing kimberlite body.

Within the “Corridor of Hope”, in the Lac de Gras area, located 50km south of the Property, the Panda Pipe at the Ekati Mine of BHP Billiton Diamonds Inc. is in production. In the Fall of 2002, the reserves from six diamond bearing pipes are reported by BHP to be 58.2Mct of rough diamonds from 58.2 million tonnes of kimberlite yielding an average grade of 0.91ct/tonne. Production from the Panda pit in 2001 attained 3,685,171cts and was valued at \$846,925,000 for a value of \$230/ct. The Diavik Project, being held by Diavik Diamond Mines (60% Rio Tinto) and Aber Diamond Mines (40% Aber Diamond Corp) is expected to come into production in 2003. Currently the reserves are reported by Diavik to be 25.6 million tonnes grading 4cts/tonne exhibiting a value of \$63/ct (ref Gems & Gemology, Volume XXXVIII, Fall 2002). This indicates a gross value of approximately \$6.4 billion

Additionally, 75km north of the Property, the Jericho pipe, discovered by Tahera is an advanced project reporting reserves of 2.5 million tonnes of kimberlite having a grade of 1.2cts/tonne which equates to 3 million carats at \$80/ct. (ref: Gems & Gemology, Volume XXXVIII, Fall 2002). This indicates a gross value of approximately \$240 million

By way of background, in July 1997, Southampton was retained by Pyroil Resources Inc. (“Pyroil”) to prepare a report on the Fry Inlet property in accordance with National Policy 2A. Mr. Wahl is the author of that report. At that time, the property was held by

New Dolly Varden Minerals Inc. ("New Dolly Varden") as to 50% and Lytton Minerals Limited ("Lytton Minerals") as to 50%. The Southampton report, dated September 15, 1997, was used to support Pyroil's acquisition of New Dolly Varden's 50% interest in the Fry Inlet property. On February 28, 1999, Lytton Minerals amalgamated with New Indigo Resources Inc. to form Tahera Corporation on the basis of one (1) new share for one (1) old share. On January 13, 2000, Pyroil changed its name to Jumbo Development Corporation.

In preparing our initial report dated September 15, 1997 and our current report dated February 15, 2003, Southampton reviewed and relied upon, among other things, exploration reports, geological and geophysical maps, internal company memoranda and joint venture agreements as presented in "Section 19-References" of this report.

As an integral part of the September 15, 1997 report, Dr. John L. Wahl, P.Geol., Senior Geological Associate with Southampton visited the Fry Inlet property from July 31 to August 7, 1997, with Dr. Raymond Davies technical consultant to Lytton Minerals and technical consultant to and director of New Dolly Varden. During the tour, they visited New Dolly Varden's DIA 1 diamond bearing kimberlite discovery on the Property (Claim DIA 52) and examined drill core from the two discovery holes 96-DIA 001 and 96-DIA 002 located in the south-central part of the Property.

In addition to the discussions between Drs. Wahl and Davies, Southampton had discussions with Mr. W. F. Christensen, President of Pyroil and New Dolly Varden, who readily provided all requested information. As for the current report, Southampton has talked with Mr. Christensen, President of Jumbo Development and Greg Missal, Vice President, Nunavut Affairs, Tahera Corporation regarding the current status of the Property and the nature and extent of any work completed on the Property since the date of our last report, September 15, 1997.

There has been no material work completed on the Property since the date of our last report. Six (6) glacial till samples have been taken and a small reconnaissance magnetometer survey has been complete; the results are not material.

Currently, the Property is held under the terms of a Joint Venture Agreement between Tahera Corporation (formerly Lytton Minerals) as to 50% and Jumbo Development (formerly Pyroil Resources and New Dolly Varden) as to 50%.

The property is readily accessible by either chartered fixed wing aircraft or helicopter from Yellowknife.

The following is based on the results of the work completed on the original Fry Inlet property, as it applies to the discovery of the diamond bearing kimberlite body on the current Property, being Claim DIA-52.

Airborne geophysical surveys were successful in identifying numerous anomalies on the property exhibiting characteristics similar to known kimberlite pipes. Subsequent glacial till sampling programs identified kimberlite indicator mineral dispersion trains, down ice from several of the airborne geophysical anomalies. One such anomaly DIA-1, is located on the Property and is characterized by a large semicircular negative magnetic anomaly coincident with a subtle conductivity anomaly. This anomaly is also coincident with a small circular lake on the Property. Subsequent glacial till sample identified a relatively short, predominantly olivine-rich dispersion train, extending southwest from the geophysical anomaly.

The complementary relationship between the magnetic and electromagnetic response parameters, the coincident relationship with a small circular lake (indicative of a topographic depression) and the existence of a kimberlite indicator mineral (olivine) train down ice from the geophysical anomaly suggested that this target DIA-1 might reflect a kimberlite body. Subsequent diamond drilling consisting of two holes totaling 581.7m intersected a tuffaceous kimberlite in both holes. The kimberlite intersections were split and one half of the core sampled over intervals from 3 to 10m to comprise an individual composite batch sample weighing from 8 to 10kg. A total of 15 batch samples totaling 129.3kg were shipped to the Canamera Laboratory in North Vancouver for caustic fusion digestion. In addition, seven batch samples totaling 44.8kg were sent to Saskatchewan Research Council ("S.R.C.") and six samples, totaling 48.0kg were sent the Lakefield Research for comparative analysis.

Canamera recovered 2 macro-diamonds and 23 micro-diamonds totaling 0.0048 carats from a total weight processed of 129.3kg. S.R.C. recovered 23 micro-diamonds totaling 0.0037 carats from a total weight processed of 44.8kg. Lakefield Research did not recover any diamonds from a total weight processed of 48.0kg.

It is interesting to note that S.R.C. recovered almost the same number of diamonds, 23 for S.R.C. versus 25 for Canamera, from approximately 65% less material. Equally

intriguing is that Lakefield Research did not recover any diamonds from about the same amount of material as S.R.C. It is not clear from Canamera's report as to how the batch samples were selected for distribution to the various laboratories. Given the process weight for the Canamera 15 batch sample, totaling 129.3 kg it appears from the sample logs, to represent the total kimberlite interval intersected in the drilling and as such would represent a composite diamond recovery for the kimberlite intersection. However, in the case of S.R.C. and Lakefield, the report states that S.R.C. received 7 batch samples and Lakefield Research received 6 samples. What is not clear is the interval of the respective batch sample relative to the kimberlite intersection. From the sample logs it appears that the diamond distribution is not uniform over the kimberlite intersection. S.R.C. could have received a batch of samples taken from a kimberlite interval containing a higher concentration of diamonds than other sections and conversely the batch samples sent to Lakefield Research could represent material taken from a kimberlite interval containing a lower concentration of diamonds.

Southampton believes that the kimberlite intersected in the drilling reflects several phases or injection pulses within the kimberlite, with each phase or injection pulse exhibiting its own characteristic diamond content.

What is significant is that given the small amount of kimberlite processed (44.8kg) by S.R.C. that any diamonds were recovered at all. The fact that 23 micro-diamonds were recovered for such a small amount of material is very anomalous.

In summary, the fact that the two diamond drill holes intersected kimberlite is significant and coupled with the fact that the kimberlite is diamondiferous, containing 46 micro-diamonds and two macro-diamonds, is very significant. However, further drilling is required to determine the potential economic significance of these very early stage results.

Given the encouraging results, it is recommended that:

- i) Jumbo Development investigate the possibility of acquiring additional property immediately to the south and west of the Claim DIA-52, given that kimberlite pipes typically occur in clusters;
- ii) A high resolution/high data density ground magnetometer and electromagnetic surveys, be carried out on the ice of the DIA-1 target lake and its environs to further define the kimberlite body; and

- iii) A 1000m, six (6) hole diamond drill program be carried out to further define the DIA-1 diamond bearing kimberlite intersected during the 1996 drilling program.

The total cost of the above is estimated to cost \$600,000 as summarized below.

PROPOSED EXPLORATION BUDGET

FRY INLET PROPERTY

1.	Claim Staking	\$ 30,000
2.	Line Cutting	\$ 40,000
3.	Magnetometer & Electromagnetic Surveys	\$ 30,000
4.	Diamond Drilling	
	1000m @ \$350/metre	\$350,000
5.	Sample Processing and Analysis	\$ 50,000
6.	Reporting	\$ 25,000
7.	Contingency	<u>\$ 75,000</u>
	TOTAL	\$600,000

2.0 INTRODUCTION and TERMS OF REFERENCE

The Jumbo Development Corporation ("Jumbo Development") Fry Inlet property is a diamond prospect situated in the Slave Province, an old Archean craton located in the Northwest Territories of northern Canada (Figure 1).

The original Fry Inlet property was acquired by staking in April, 1992, in an area locally referred to as the "Corridor of Hope", a region known to host diamond bearing kimberlite. Over the past decade, as a result of successful exploration and subsequent land divestiture, the property has been reduced in size from 102 claims, comprising 91,995 hectares, to 1 claim, DIA 52, comprising 1,045.5 hectares (the "Property") containing a diamond bearing kimberlite body (Figure 2).

Within the "Corridor of Hope", in the Lac de Gras area, located 50km south of the Property, the Panda Pipe at the Ekati Mine of BHP Billiton Diamonds Inc. is in production. In the Fall of 2002, the reserves from six diamond bearing pipes are reported by BHP to be 58.2million carats of rough diamonds from 58.2 million tonnes of kimberlite yielding an average grade of 0.91ct/tonne. Production from the Panda pit in 2001 attained 3,685,171cts and was valued at \$846,925,000 for a value of \$230/ct. The Diavik Project, being held by Diavik Diamond Mines (60% Rio Tinto) and Aber Diamond Mines (40% Aber Diamond Corp) is expected to come into production in 2003. Currently the reserves are reported by Diavik to be 25.6 million tonnes grading 4cts/tonne exhibiting a value of \$63/ct (ref Gems & Gemology, Volume XXXVIII, Fall 2002). This indicates a gross value of approximately \$6.4 billion.

Additionally, 75km north of the Property, the Jericho pipe, discovered by Tahera, is an advanced project reporting reserves of 2.5 million tonnes of kimberlite having a grade of 1.2cts/tonne. This equates to 3 million carats, which have been valued at \$80/carats (ref: Gems & Gemology, Volume XXXVIII, Fall 2002). This indicates a gross value of \$240 million.

On February 1, 2003, Jumbo Development retained Southampton Associates Inc. ("Southampton") to prepare a report on the Property in compliance with National Instrument 43-101 ("NI 43-101"). Southampton holds a Certificate of Authorization to practice "professional engineering" granted by Professional Engineers Ontario and its president, Mr. David G. Wahl, P.Eng., P.Geol., is a "qualified person" as defined in NI 43-101. Mr. Wahl is the author of this report.

By way of background, in July 1997, Southampton was retained by Pyroil Resources Inc. ("Pyroil") to prepare a report on the Fry Inlet property in accordance with National Policy 2A. Mr. Wahl is the author of that report. At that time, the property was held by New Dolly Varden Minerals Inc. ("New Dolly Varden") as to 50% and Lytton Minerals Limited ("Lytton Minerals") as to 50%. The Southampton report, dated September 15, 1997, was used to support Pyroil's acquisition of New Dolly Varden's 50% interest in the Fry Inlet property. On January 13, 2000, Pyroil changed its name to Jumbo Development.

In preparing our initial report dated September 15, 1997 and our current report dated February 15, 2003, Southampton reviewed and relied upon, among other things, exploration reports, geological and geophysical maps, internal company memoranda and joint venture agreements as presented in "Section 19-References" of this report.

As an integral part of the September 15, 1997 report, Dr. John L. Wahl, P.Geo., Senior Geological Associate with Southampton visited the Fry Inlet property from July 31 to August 7, 1997, with Dr. Raymond Davies technical consultant to Lytton Minerals and technical consultant to and director of New Dolly Varden. During the tour, they visited New Dolly Varden's DIA 1 diamond bearing kimberlite discovery on the Property (Claim DIA 52) and examined drill core from the two discovery holes 96-DIA 001 and 96-DIA 002 located in the south-central part of the Property. They also visited other areas of the property at that time, however, these areas fall outside the current Property.

As an extension of the property visit Drs. Wahl and Davies visited the T-31 and LI-201 diamond bearing kimberlite pipes discovered on the ICE claims owned by Lytton Minerals (currently Tahera Corporation) and which abut the Fry Inlet property on the west, at that time.

In addition to the discussions between Drs. Wahl and Davies, Southampton had discussions with Mr. W. F. Christensen, President of Pyroil and New Dolly Varden, who readily provided all requested information. As for the current report, Southampton has talked with Mr. Christensen, President of Jumbo Development and Greg Missal, Vice President, Nunavut Affairs, Tahera Corporation regarding the current status of the Property and the nature and extent of any work completed on the Property since the date of our last report, September 15, 1997.

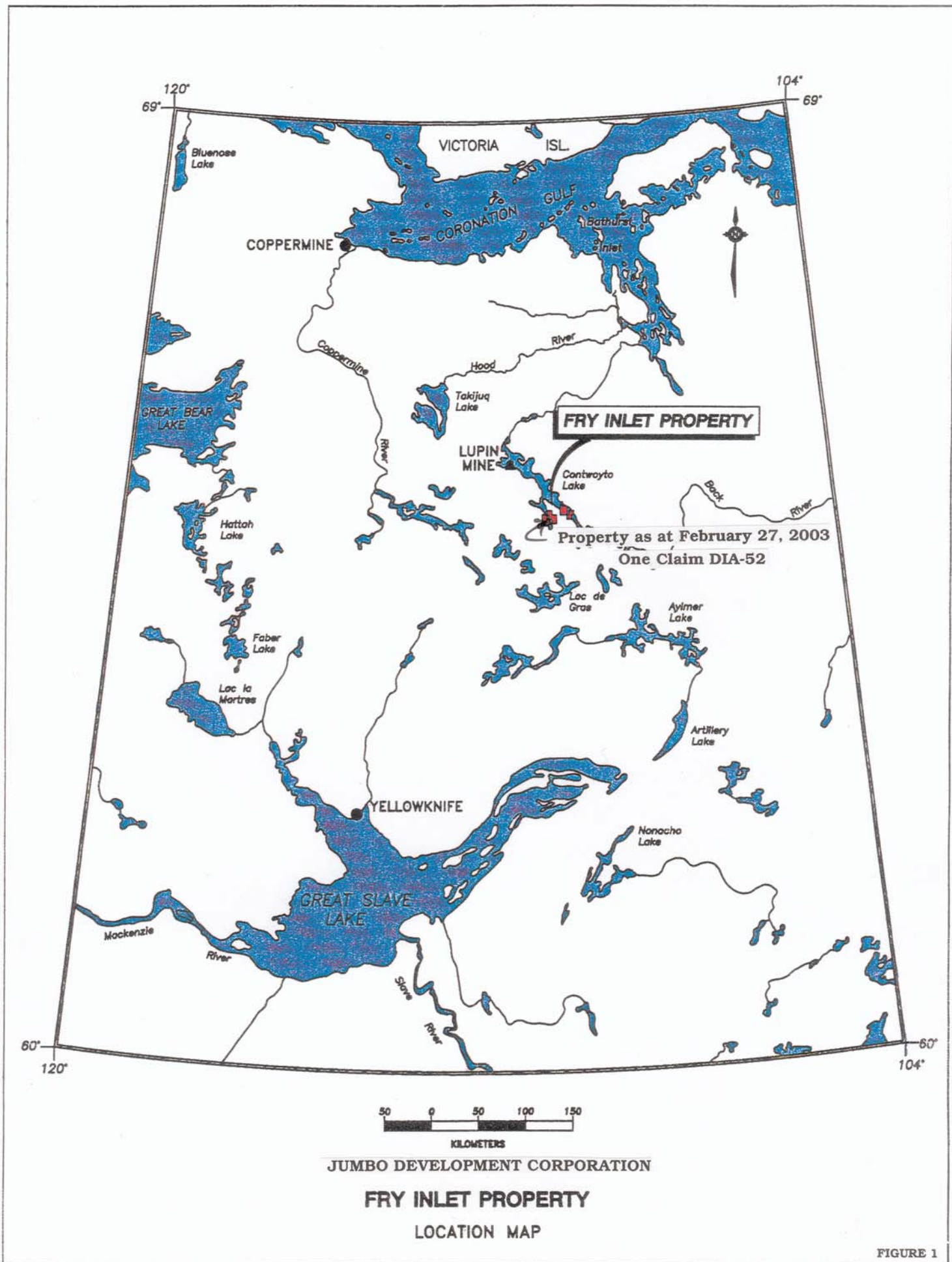
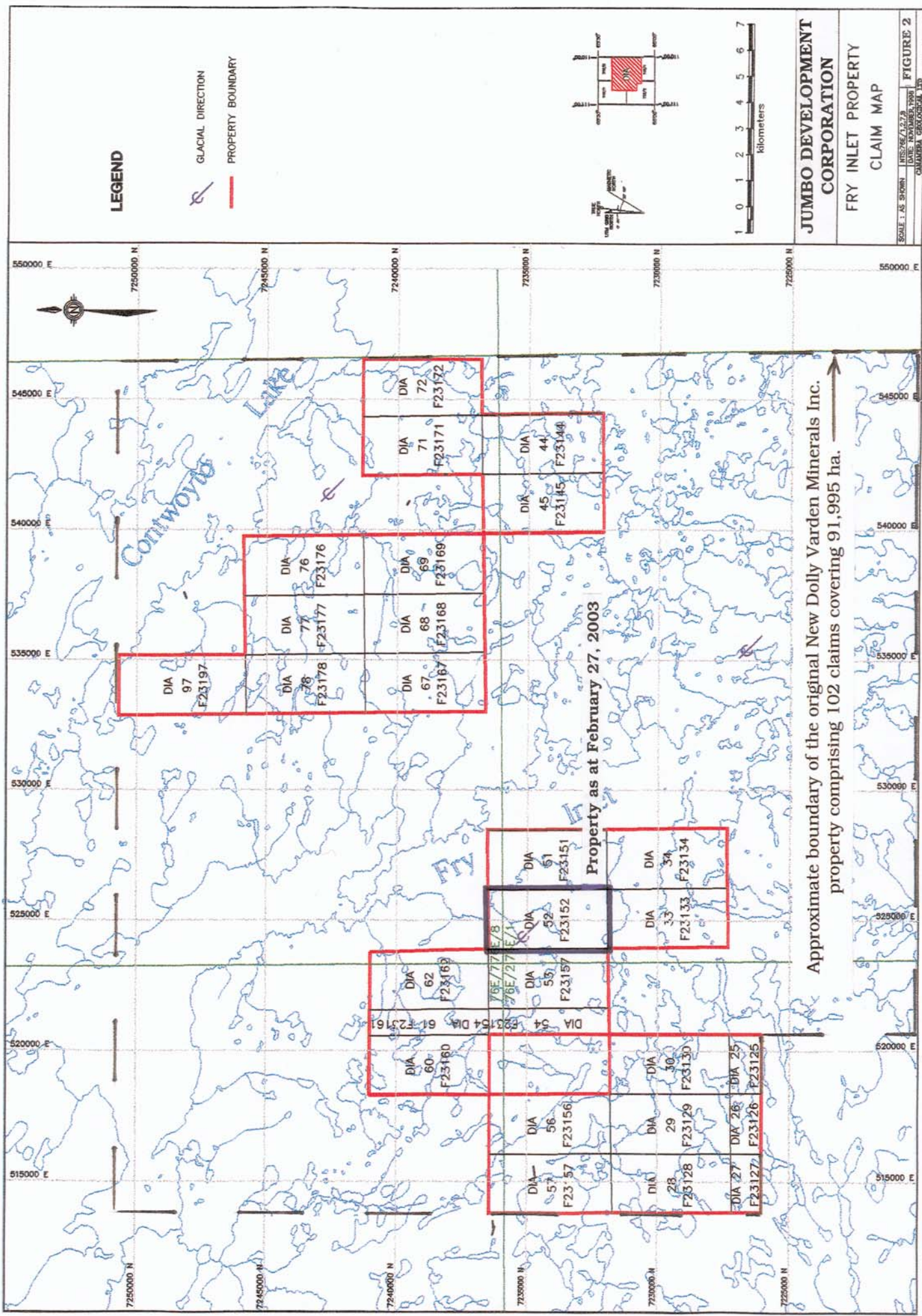


FIGURE 1



LEGEND

- GLACIAL DIRECTION
- PROPERTY BOUNDARY



JUMBO DEVELOPMENT CORPORATION
 FRY INLET PROPERTY CLAIM MAP

SCALE 1:AS SHOWN NIS/96/1,273 DATE: NOVEMBER 1998
 CAMBRIA GEOLOGICAL LTD.

Property as at February 27, 2003

Approximate boundary of the original New Dolly Varden Minerals Inc. property comprising 102 claims covering 91,995 ha.

There has been no material work completed on the Property since the date of our last report. Six (6) glacial till samples have been taken and a small reconnaissance magnetometer survey has been complete; the results are not material.

3.0 DISCLAIMER

In completing its assignment, Southampton has relied on reports and other documents prepared, at the time, by professional geologists, who currently would be “*qualified person(s)*” under NI 43-101. Southampton believes that the information it has relied on was prepared in compliance with the then current regulatory requirements and was prepared in a professional and workman like manner.

4.0 PROPERTY DESCRIPTION & LOCATION

The original Fry Inlet property was acquired by staking in April 1992. Since that time ongoing exploration and subsequent land divestiture has decreased the property from 102 claims, comprising 91,995 hectares to 1 claim (DIA-52) comprising approximately 1045.5 hectares. This claim contains a diamond bearing kimberlite and is the subject of this report.

The Property is located in the Mackenzie District of the Northwest Territories of northern Canada approximately 90km north of Lac de Gras and 375km northeast of the town of Yellowknife. The Property is centered on latitude 65°14'N and longitude 110°28'W. GPS co-ordinates for the Property are 7 235 000N and 525 000E.

The Property is located on the northern shore of the westerly trending bay at the southern end of the southwest arm of Contwoyto Lake known as Fry Inlet

The Property is held under the terms of a 1996 Joint Venture Agreement between Tahera Corporation (formerly Lytton Minerals) as to 50% and Jumbo Development (formerly Pyroil Resources and New Dolly Varden) as to 50%.

The following is the history of the ownership of the Fry Inlet property since it was acquired in April 1992.

The Fry Inlet property, initially comprising 102 mineral claims designated DIA 1 through DIA 102 and covering approximately 91,995 ha, was staked by Inukshuk Capital Corp.

on behalf of New Dolly Varden and recorded on April 28, 1992. In October 1993, New Dolly Varden optioned the Fry Inlet property to Lytton Minerals who would acquire an undivided 50% ownership interest in the claims by i) incurring thereon, before October 1, 1994, expenditures aggregating \$800,000 and ii) agreeing to keep the claims in good standing. As a dependent act on the Lytton agreement, First Marathon Securities Limited, as agent for New Dolly Varden, would extend its best efforts to sell, on a private placement basis, 500,000 shares of New Dolly Varden at \$2 per share. In November 1993, New Dolly Varden reported that it was successful in its private placement offering. On June 30, 1994, New Dolly Varden reported that Lytton Minerals had earned a 50% undivided interest in the Fry Inlet property. Upon vesting, a joint venture was formed with Lytton Minerals as the operator. During 1996, the Lytton Minerals/New Dolly Varden joint venture expended \$630,108 on exploration of the property. In July 1996, the joint venture elected to relinquish 74 claims covering 66,050 ha to then hold 28 claims in two blocks covering approximately 25,945 ha as shown on Figure 2.

In a related party transaction Lytton Minerals and Kennecott Canada Exploration Inc. ("Kennecott") entered into a joint venture agreement ("Lytton/Kennecott JVA") dated January 24, 1997; whereunder, Kennecott has the right to expend moneys in exploring and developing certain claims in the Lac de Gras - Contwoyto Lake areas and to earn a 51% participating undivided ownership interest therein.

During the spring of 1997, by amendment to the Lytton/Kennecott JVA, the Fry Inlet property was added to the mineral claims covered by the Lytton/Kennecott JVA. At the same time, New Dolly Varden entered into a Supplementary Assurance Agreement whereunder it agreed that Lytton Minerals had the power and authority to add the Fry Inlet property claims to the mineral claims covered by the Lytton/Kennecott JVA. Lytton Minerals has agreed to hold the interest of New Dolly Varden in trust for New Dolly Varden. Under the terms of the Lytton/Kennecott JVA New Dolly Varden's interest would decline from 50% at present to 24.5%. Under this agreement Kennecott expended \$436,000 on exploration of the property to October, 1999.

In April 1998, Pyroil Resources, supported by Southampton's report dated September 15, 1997, acquired New Dolly Varden's 50% interest in the Fry Inlet property for \$150,000 in cash and 9.0 million shares.

On February 28, 1999, Lytton Minerals amalgamated with New Indigo Resources Inc. to form Tahera Corporation on the basis of one (1) new share for one (1) old share.

On October 17, 1999, Tahera Corporation was advised by Kennecott that it had elected to withdraw from the January 24, 1997 Lytton/Kennecott JVA. On October 19, 1999, the property was reassigned to Tahera Corporation (formerly Lytton Minerals) and Pyroil Resources (formerly New Dolly Varden).

On January 13, 2000, Pyroil changed its name to Jumbo Development Corporation on a share for share basis.

As of the date of this report the Property consists of 1 claim DIA-52, comprising 2582.5 hectares. On November 14, 2002, Tahera Corporation wrote a letter to Indian and Northern Affairs Canada requesting an extension of time to complete a survey of the claim. On December 4, 2002, Indian and Northern Affairs Canada granted Tahera Corporation an extension of time to November 30, 2003 to complete the survey of the claim DIA-52.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

The Property is reasonably accessible given its northern location. During the summer exploration season, early July to mid-September, float equipped aircraft can be used to transport men and materials to the Property. During the winter, the area is accessible by ski-equipped aircraft and winter roads. The Echo Bay Mine winter road, which links Yellowknife to the Lupin mine, runs up the southeast arm of Contwoyto Lake just east of Fry Inlet. Larger aircraft can land on the 2,000m, gravel airstrip at the Lupin mine site, 70km northwest of the Property. During freeze-up and break-up, September and June respectively, access to the Property is by helicopter.

The Property has an arctic climate. Winter temperatures typically fall in the range of minus 30 to minus 40 degrees Celsius. Summer temperatures typically fall in the low to mid 20 degrees Celsius range, occasionally reaching periods in the mid to high 20 degree Celsius range. Spring break-up in the Contwoyto Lake region typically occurs in June, followed by an ice free season of between two and three months.

There are no local resources on the Property. The nearest point of supply is Yellowknife located 350km southwest of the Property. From Yellowknife, personnel and materials may be shipped either by float or ski equipped fixed wing aircraft or by helicopter to the Property. In the case of larger shipments, these can be flown into the Lupin mine site,

90 km north of the Property, where a 2,000m, gravel airstrip is located and then transported by land to the Property. During the winter months a winter road between Yellowknife and the Lupin mine can also be utilized.

The Property is located on the arctic tundra, approximately 150 km south of the Arctic Circle. The topography is characterized by rolling rocky ridges separated by low-lying muskeg and numerous shallow lakes. Local relief varies between 440m and 520 m above sea level, but generally is quite flat.

6.0 HISTORY

The first systematic geological investigation of the Contwoyto Lake area was reconnaissance geological mapping conducted by the Geological Survey of Canada in 1949. Historically, mineral exploration in the Slave Structural Province focused primarily on gold and base metals within the Yellowknife Supergroup metavolcanic and metasedimentary rocks in the MacKay, Aylmer and Clinton-Colden Lakes areas.

In the spring of 1992, following the BHP/Dia Met Point Lake kimberlite discovery, the Fry Inlet property was staked. In 1992, New Dolly Varden carried out a bulk heavy mineral concentrate till sampling program on the property to test for kimberlite indicator minerals. A total of 182 samples were collected, with nine returning small populations of indicator minerals. A low elevation airborne magnetic and electromagnetic survey was flown concurrently over the entire property maintaining a 200m line spacing.

In 1994, the Lytton Minerals/New Dolly Varden Joint Venture (the “Joint Venture”) retained Canamera Geological Ltd. (“Canamera”) to follow-up the geophysical and heavy mineral indicator anomalies with an additional 1,145 bulk heavy mineral concentrate till samples.

In 1996, the Joint Venture drilled four holes totaling 1,211m, to test the DIA-1, -2 and -3 kimberlite targets on the property at that time. One target, DIA-1, located on the current Property was tested by two holes, 96-DIA 001 and 96-DIA 002, totaling 581.7m and intersected kimberlite in both holes. A total of 174.1 kgs of kimberlite from two holes intersecting the DIA 1 pipe were processed in 22 batches yielding 48 diamonds with a total weight of 0.0085 carats or 4.8 carats/100 tonne. Targets DIA-2 and DIA-3 are not on the Property and drill testing failed to intersect kimberlite.

The aforementioned work was detailed in our report dated September 15, 1997.

Subsequently, under the terms of the Lytton/Kennecott Joint Venture agreement, Kennecott carried out regional and site specific exploration on the Fry Inlet property from 1997 to 1999. During the 1997-1998 and 1998-1999 exploration seasons, Kennecott completed a 1800 line-kilometre airborne survey, 24.9 line-kilometres of ground geophysics, collection and processing of 181 heavy mineral sampling and 411 metres of diamond drilling. With the exception of six (6) heavy mineral samples and a small reconnaissance ground magnetometer survey all of this work was completed on claims subsequently relinquished by the Joint Venture.

7.0 GEOLOGICAL SETTING

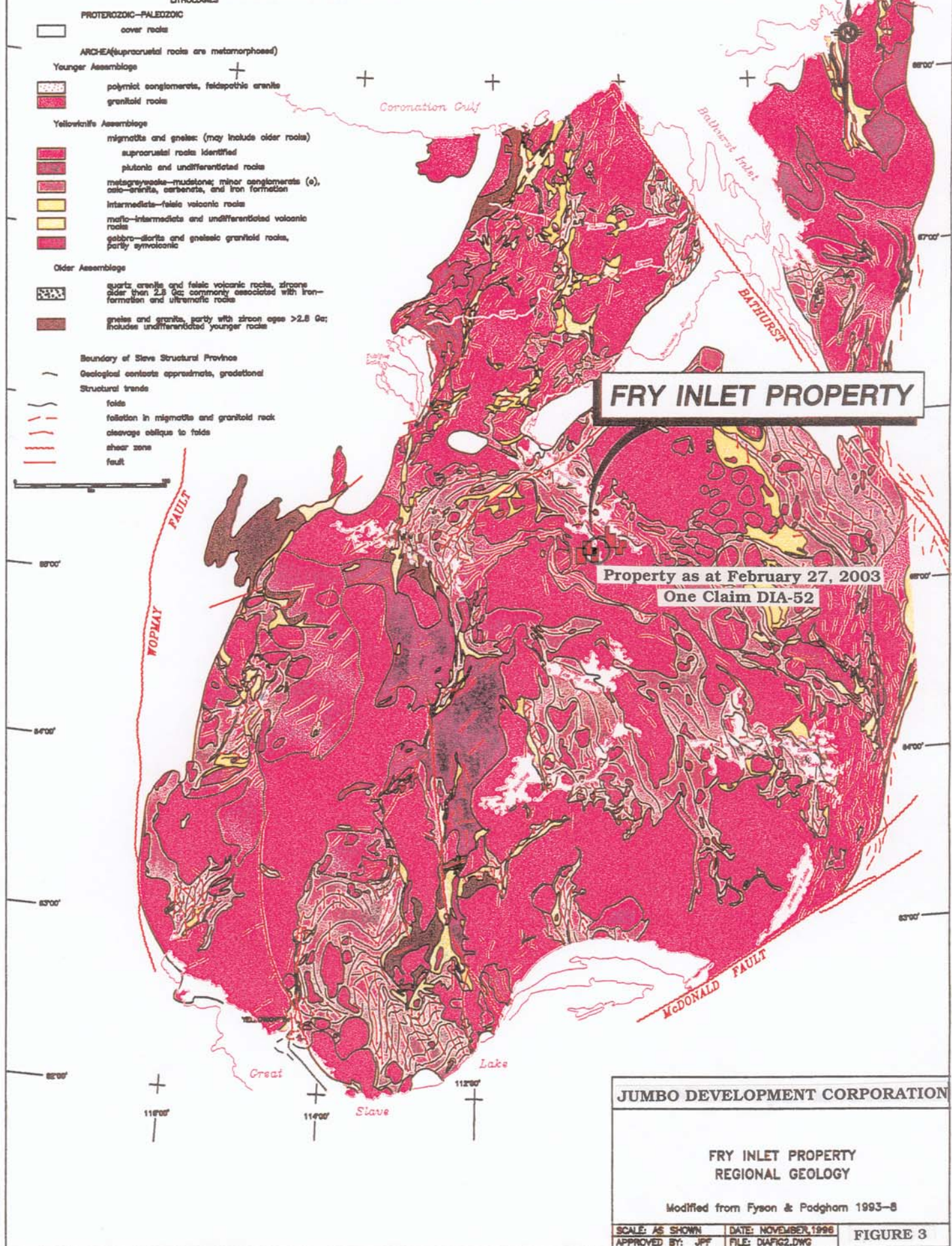
7.1 Regional Geology

The Slave Province is an old and relatively small Archean craton extending northward from Great Slave Lake to Coronation Gulf on the Arctic ocean (a distance of 710km), and eastward from Faber Lake for 510km to Back River (Figure 3). The craton is comprised of supracrustal belts (sediments and volcanics of the Yellowknife Supergroup) overlain on granitoid gneisses, and subsequently deformed coincident with the emplacement of late stage granitoid plutons. The Slave Province is structurally bounded on the southeast by the Great Slave Shear Zone, to the east by the Thelon Tectonic Zone and to the west by rocks of the Wopmay Orogen, and may have developed by progressive arc-continent collision and massive crustal melting.

Granitoid rocks in the western part of the craton include the 3.96 Ga Acasta gneiss, the oldest intact rock known on Earth (Bowring et al. 1989). Granitoid gneisses become progressively younger to the east (3.98-2.8 Ga), and closer in age to the 2.71-2.65 Ga volcanic and turbiditic rocks of the Yellowknife Supergroup. Granitoid plutons (2.7-2.58 Ga) intruding the Yellowknife Supergroup do not show a significant variation in age; the zone of contemporaneous plutonism extends for more than 400km (van Breemen et al., 1992, King et al, 1992).

Dykes in the Slave Province follow three major orientations: east-northeast, north-northwest, and north-northeast. Archean gabbro and peridotite dykes and the Hearne diabases have been emplaced along east-northeast strike features. These narrow linear intrusives are in turn cut by north-northwest trending diabase dykes of the Mackenzie swarm. North-northeast trending dykes have been identified, but are relatively rare.

GEOLOGY OF THE SLAVE STRUCTURAL PROVINCE



JUMBO DEVELOPMENT CORPORATION
 KIMBERLITES WITHIN THE SLAVE PROVINCE

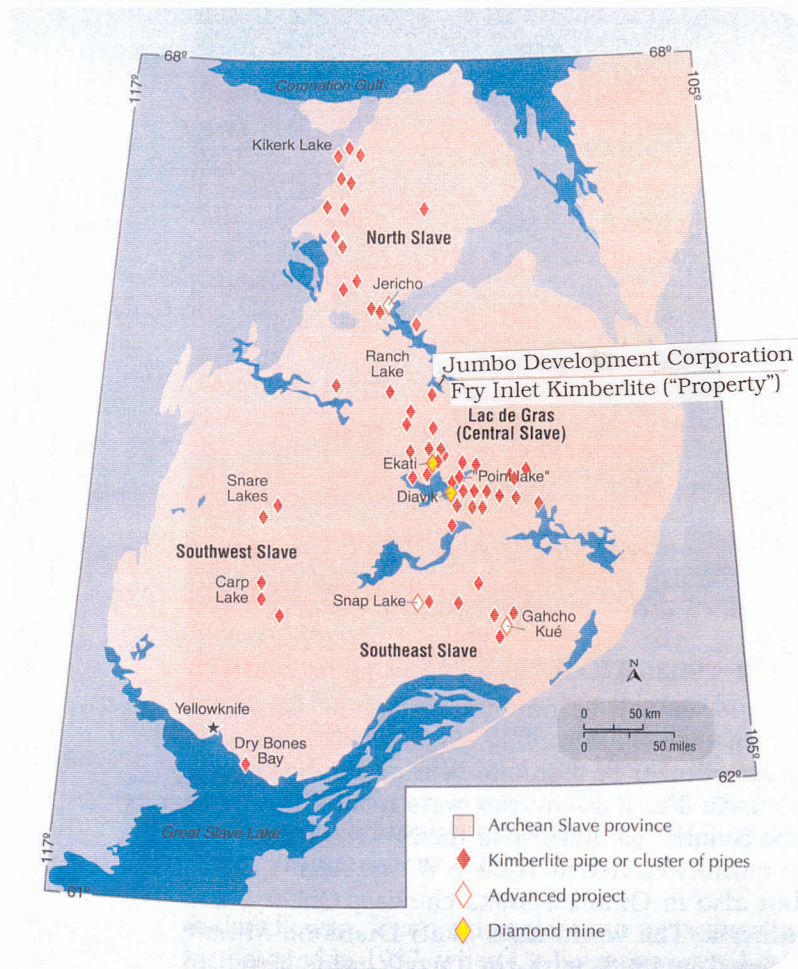


Figure 9. Numerous kimberlites are found within the Slave craton. Four important kimberlite fields in the craton are shown here: Central (or Lac de Gras, with the Ekati and Diavik mines), Southeast (with the Snap Lake and Gahcho Kué projects), Southwest, and North (with the Jericho project).

Modified After
 Kjarsgaard B. A. and Levinson A. A., Diamonds in Canada, Gems & Gemology, Volume XXXVIII, Fall 2002

FIGURE 4

The older basic dykes only cut the granitic rocks, not the overlying volcanic and turbiditic sequences.

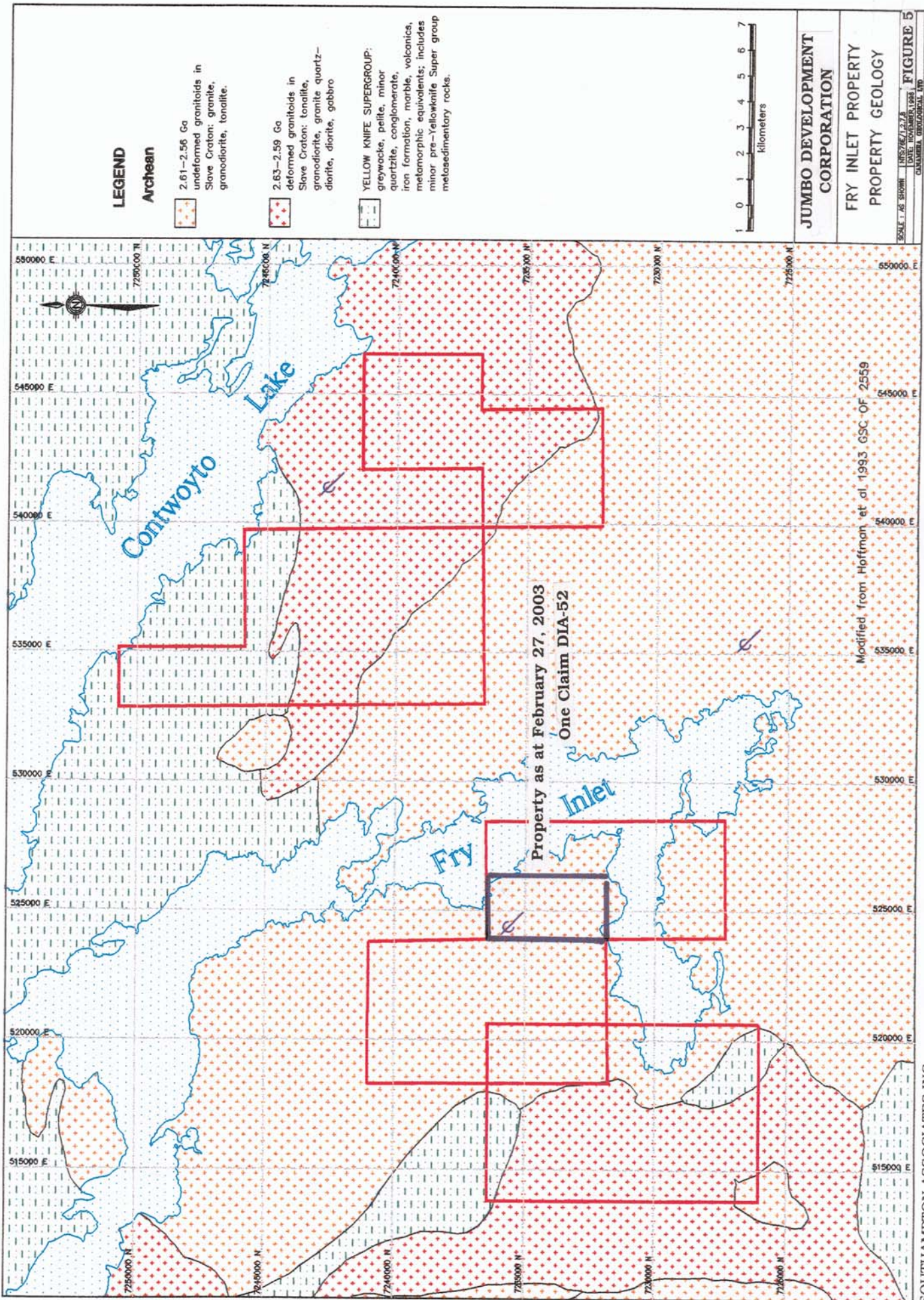
7.2 Property Geology

Rock type, structure and metamorphic pattern of the Contwoyto Lake area are typical of the Slave Province (Figure 4). The rocks comprise an early tectono-stratigraphic assemblage and a late plutonic assemblage, distinguished on the basis of their relationship to deformational and metamorphic episodes. The older assemblage consists of deformed supracrustal (Yellowknife Supergroup) and plutonic units (Concession Suite), whereas the younger assemblage consists of relatively undeformed plutonic bodies (Contwoyto and Yamba Suites) emplaced during and after regional metamorphism.

The Yellowknife Supergroup consists of three distinct assemblages: a really restricted basal unit of orthoquartzite bearing shelf sediments, a widespread turbidite-volcanic sequence and fluvial sediments that form the top of the stratigraphic sequence.

Rhythmically layered and thin to medium bedded turbidites of the Contwoyto Formation comprise the oldest unit of the volcano-sedimentary assemblage in the vicinity of the project area. Individual beds grade from a massive sandy base to muddy tops and are internally coherent (i.e., there are no slump deposits or olistostromes). Iron formations within the turbidites (silicate, sulphide and less commonly oxide facies) occur as discontinuous units ranging in thickness from 1cm to over 20m, and in length from 1m to more than 3km. Sulphide facies iron formation within this unit hosts local concentrations of gold (e.g. Lupin Mine). Although no outcrops of the Contwoyto Formation are known to exist within the project area, the unit has been traced southeast from the Lupin Mine to the edge of Fry Inlet, and may extend under drift covered areas.

Within the project area the turbidites have been subjected to upper amphibolite facies metamorphism and migmatized to biotite-sillimanite-cordierite schists and gneisses (Itchen Formation). Minor mafic units in these migmatites may represent volcanic layers. The presence or absence of iron formations can be used to subdivide the migmatitic turbidites. Migmatitic turbidites have been mapped on the peninsula separating Contwoyto Lake from Fry Inlet (northeast corner of the project area), and on the other side of Fry Inlet (southwest corner of the survey area). The northeast side of Contwoyto Lake is dominated by iron formation bearing migmatites. All of these



LEGEND
Archean

2.61–2.56 Ga
undeformed granitoids in
Slave Craton: granite,
granodiorite, tonalite.

2.63–2.59 Ga
deformed granitoids in
Slave Craton: tonalite,
granodiorite, granite quartz-
diorite, diorite, gabbro

YELLOW KNIFE SUPERGROUP:
greywacke, pelite, minor
quartzite, conglomerate,
iron formation, marble, volcanics,
metamorphic equivalents; includes
minor pre-Yellowknife Super group
metasedimentary rocks.



**JUMBO DEVELOPMENT
CORPORATION**

**FRY INLET PROPERTY
PROPERTY GEOLOGY**

SCALE: AS SHOWN | NTS 76/27.7.8
PROPERTY GEOLOGY | FIGURE 5
CAMPBELL, INDUSTRIAL, I.P.

Property as at February 27, 2003
One Claim DIA-52

Modified from Hoffman et al 1993 GSC OF 2559

metasediments have a general northwest-southeast trend that is reflected in the migmatitic layering and cleavage plans.

The first phase of migmatization within the turbidites correlates with the emplacement of the Concession Suite calc-alkaline biotite (+/- hornblende) tonalites and diorites. Composition of these elongate and commonly tabular plutons varies from metaluminous to peraluminous, with increasing SiO₂ content. Many of the plutons are composite, with two or more chemically and/or texturally distinct phases. Magnetite is common as an accessory mineral, but proportions vary between different phases. Contacts with the host rocks are sharp. Tonalites are the dominant exposure of the Concession Suite within the survey area, and are located in the southwest corner adjacent to Fry Inlet, and in the northeast corner, along the south shore of Contwoyto Lake. Scattered dioritic bodies can be found throughout the project area, having a generally northwesterly trend. They are commonly associated with the tonalitic phases.

Both the Contwoyto and Yamba suites are late stage peraluminous plutonic granites derived from the mixing of mantle melts and crustal material. They were emplaced at approximately the same time (2581 Ma), possibly along sutures joining the different collision terrains. Based on internal deformation and U-PBS dating, the Yamba suite may be slightly younger.

The Contwoyto suite ranges from tonalite to syenogranite with both muscovite and biotite. Host rock xenoliths are common and iron oxides may occur as accessory minerals. The plutons tend to rounded in plan view, but are comprised of compositionally similar, texturally distinct irregular to tabular bodies. Contacts with the host rocks are transitional or characterized by sheeting in which the actual contact is difficult to determine. A large (5x10km) plug is located just west of the project area, and a few smaller bodies to the north of Fry Inlet.

Rocks of the Yamba suite comprise monzogranite with lesser amounts of granodiorite and syenogranite. Xenoliths of the original host rocks may be abundant or rare, depending on the location or phase of the pluton. Members of this suite tend to form large composite plutons (such as the Pellatt Lake monzogranite that dominates the survey area) as well as smaller isolated bodies. The composite plutons consist of multiple phases of compositionally similar but texturally variable lithologies. Magnetite is not a common accessory mineral. Contacts are locally sharp, but more commonly they exist as areas of intense veining.

The Pellatt Lake monzogranite stock covers approximately 60% of the region, occupying a centrally located, northwest trending, 25km wide corridor. Xenoliths of migmatitic turbidite and elongate discontinuous fragments of tonalite and diorite are scattered throughout, especially along the margins of the pluton.

Three major Archean deformation events can be recognized within the lithologies of the region and belong to regional sets recognized throughout this part of the Slave Province. The first deformation event created cleavage, isoclinal folds and contractional faults related to crustal shortening (D1) that are preserved as an alignment of platy minerals in porphyroblasts or microlithons in the turbidites. The second event developed a regionally predominant foliation comprised of axial planar cleavage, isoclinal folds and faults whose character changes with metamorphic grade. Folds related to this D2 event are tight to isoclinal with wavelengths that vary from millimeters to hundreds of meters. The small intrusives (tonalites and diorites) of the Concession Suite are syn-deformational with this period of crustal shortening. The third stage of Archean deformation (D3) is represented by centimeter to meter scale open to tight folds that affect all earlier fabrics. A conjugate set of these northwest and northeast trending features can be identified on a regional scale. This period of crustal shortening was relatively minor in comparison to D2 and D3. Some plutons of the Contwoyto and Yamba suites have a foliation related to this latter stage of deformation (D3). This plutonic suite was therefore emplaced contiguous with, and immediately after, D3.

7.3 Property Surficial Geology

The surficial geology of the Contwoyto area has been described by Harte et al. (1988). Glacial striae in the Point Lake/Contwoyto Lake region indicate that ice flow directions varied from southwest to northwest. In the Point Lake area two sets of striae are developed. A southwesterly oriented set of striae, superimposed on the dominant westerly oriented set, are thought to be related to ephemeral changes in ice flow direction late in the glacial period (McQuaig, 1995).

In the Fry Inlet property area, the drift cover represents basal till with lesser amount of ablation till and glaciofluvial material derived from reworking of the till by glacial meltwater (Millard, 1993). Reconnaissance air photo interpretation shows distinctly separate areas of till blanket and veneer trending in a westerly direction (Hart et al. 1988).

Glacial drift cover within the Fry Inlet property is variable and outcrop exposures are therefore rare. Glacial erratics cover the bedrock ridges, while lower lying areas are mantled with till. A number of westerly oriented eskers occur within the property.

8.0 DEPOSIT TYPE

8.1 Diatremes – Kimberlites & Lamprophyres

The name diatreme is a generic term describing a volcanic vent or pipe drilled through enclosing rocks by the explosive energy of gas charged magma. No specific lithology is implied by the term; diatremes may be comprised of kimberlites, lamproites, alkaline ultramafics, carbonatites, and lamprophyres. Of this intrusive suite, to date only kimberlites and lamproites have been shown to contain economic concentrations of diamonds. Although both host lithologies also occur as dykes and sills, only potential diatreme facies (vent or pipe) targets are identified in this report.

Diatremes commonly have only a limited relationship to the host geology; their almost random distribution being at least in part controlled by regional structures. That factor, combined with the relatively small size and restricted distribution, renders traditional geological mapping tools less effective in other types of exploration.

However, the structure and setting of diatremes is rather unique, giving them characteristic but variable geophysical signatures.

Diatremes tend to occur in clusters that may consist of as few as two (but more typically five) to in excess of forty individual bodies covering an area up to 50km in diameter. A series of clusters comprise a province. Emplacement of kimberlites, lamproites and other related diatremes are controlled by deep seated regional fractures, and as such bear little relationship to the host geology. Host rocks can vary from heavily metamorphosed Archean aged granites, gneisses and migmatites to relatively undeformed, flat lying platform sediments.

Diatremes have been emplaced into the surrounding country rock from mantle derived magma intruded along deep fractures. At depth, this magma forms a series of dykes and sills that are the root zone of the diatreme. The actual diatreme is explosively emplaced at the intersection point of the deep fractures with cross features (fractures, dykes, etc.) possibly due to the process of gas fluidization. Enlargement of the vent and transport of deep (100 to 150km) mantle derived xenoliths contaminates the diatreme with a mixture of exotic fragments. As pressure drops, near surface olivine is serpentinized and blocks of country rock settle into the magma, reaching depths far

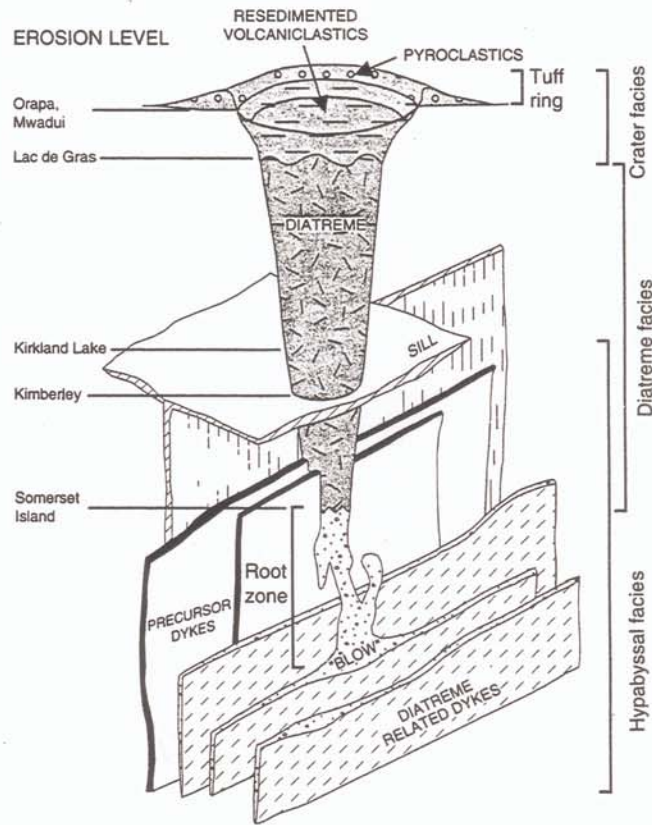


Figure 4 - Generalized model of a kimberlite magmatic system, showing crater, diatreme, and hypabyssal facies rocks. Crater facies rocks consist of resedimented volcaniclastic and pyroclastic rocks; diatreme facies rocks consist dominantly of tuffisitic breccias; hypabyssal facies rocks are found in the root zone of the diatreme and consist of dykes, blows (enlarged dykes), and sills. Also shown are the present erosion levels of some representative economic and Canadian kimberlites (adapted from Mitchell, 1986).

below their original stratigraphic location. Tuffaceous material and less explosive magma may be emplaced during cooling, and the pipe can be re-intruded at any time by material with a significantly different composition. This multiphase process results in a non-uniform, heterogeneous diatreme.

Kimberlite pipes are generally oval or elliptical in plan view with long axis parallel to local structural lineaments and ranging from less than 50m, to more than 1,500m in diameter. A steeply sided (80-85°), carrot shaped extension narrows at depth, where the root zone is associated with dykes and sills (Figure 5). Small lobes or apophyses may branch off the larger pipe.

The crater formed at surface is commonly ringed by ejecta and infilled by epiclastic material. Contacts of the crater with the country rock are shallower than those within the pipe zone, often dipping at an angle of less than 50°. Sedimentation may completely bury all traces of the crater. Erosion can expose the diatreme to any level, from the crater to the pipe and even down to the root zone. Diamondiferous kimberlites are usually restricted to Archean cratons, or areas underlain by cratonic material. Most economic kimberlites range in age from Jurassic (190 to 135 mya) to Cretaceous (135 to 65 mya) although exceptions to every rule exists: South Africa's Premier Pipe is estimated to be 1.2 bya.

Lamproites tend to be less explosive in nature (pyroclastic), more variable in age, and hosted by Proterozoic rocks that rim the Archean craton (referred to as the proton in some classification schemes). Lamproite vents are commonly at a shallower angle than those of kimberlites and the crater is more extensive.

9.0 MINERALIZATION

There is no outcrop on the Property. The surficial geology on the Property is discussed in Section 7.3 of this report. The diamond bearing kimberlite body located on the Property was discovered as a result of drilling an airborne magnetometer anomaly coincident with a small lake. The results of this work are discussed in Section 10 and Section 13 of this report.

10.0 EXPLORATION

10.1 Airborne Magnetometer and Electromagnetic Surveys

During the period from May 18 to June 3, 1993, the entire original 102 claim block held by Dolly Varden was covered by an airborne geophysical survey carried out by High-

Sense Geophysics Limited ("High-Sense"). Equipment operated during the helicopter-borne survey included a four frequency electromagnetic system, a high sensitivity cesium vapor magnetometer, a Global Positioning System, a color video-tracking camera and a radar altimeter. Electromagnetic, magnetic, positioning and altimeter data were recorded both in digital and analog forms. Data from twenty-seven flights were used to compile the survey results. The flight line orientation was east-west, the nominal flight line spacing was 200m. A total of 4,825 line kilometers of recorded data were collected. Vertical gradient of the total magnetic field was calculated from the total magnetic field data.

High-Sense identified forty-one potential diatreme targets within the original 91,995 ha Fry Inlet property. These targets exhibit magnetic (total field and gradient) and electromagnetic (resistivity) expressions characteristic of diatremes and include eight first priority targets, eleven second priority targets and twenty-two third priority targets. Faced with the likelihood of having to relinquish a considerable portion of the original land position Lytton Minerals/Dolly Varden redefined the property boundary, based in part on the airborne results to cover approximately 25,945 ha which included seven of the first priority targets, five of the second priority targets and five of the third priority targets.

The DIA-1 airborne magnetic/electromagnetic anomaly is located on the Property and is characterized by a large semicircular negative magnetic anomaly coincident with a subtle conductivity anomaly.

In April 1997, High-Sense Geophysics Ltd. was contracted to provide a detailed helicopter magnetometer survey over a portion of the Fry Inlet property. The survey was flown at 20m sensor height and at 50m line spacing. A total of 317 line-kilometres were flown. The survey did not identify any airborne magnetic targets consistent with kimberlites.

In April 1998, High Sense Geophysics extended its airborne coverage over the project area. A total of 1783 line-kilometres of data were recovered. A number of targets were identified on the property, at that time. Selected targets were investigated on the ground and the claims subsequently relinquished.

10.2 Geochemistry

The geochemical sampling programs were carried out by Canamera. Two bulk heavy mineral concentrate till sampling programs have been completed on the original

property (102 mineral claims). The first program was carried out in 1993 and involved the collection of 182 samples. This collection was undertaken concurrently with the helicopter-borne geophysical surveys. Of these 182 samples, 9 returned small populations of indicator minerals. The second program was carried out in 1994; at which time, a total of 1,145 bulk heavy mineral concentrate samples were collected. From this sampling, 64 samples were classified as being anomalous on the basis of the presence of indicator minerals while the rest were classified as barren. Indicator group of minerals included pyrope, eclogitic garnet, chrome diopside, ilmenite, chromite and olivine. It is significant to note that during the selected analyses of the finer fractions of the bulk heavy mineral concentrate till samples indicator mineral grains were recovered from samples whose coarse fractions were barren.

In total, 1,327 samples (also reported as 1,325 samples; variance possibly the result of duplicate or blank samples) were collected on the original property. Of the 1,325 samples, 1,261 were reported as barren and 64 were reported as anomalous. Following divestiture, approximately 470 samples (sites) were located on the retained property and of these 33 samples were anomalous. As of the date of this report, 2 anomalous samples 28618 and 38637 are located on the current Property as presented on Table 1. The remaining samples on the table are from other locations on the original property before land divestiture.

The DIA-1 geophysical anomaly described in the previous section is situated at the head of a relatively short, predominantly olivine-rich (kimberlite indicator mineral) dispersion train extending 550m southwest of the geophysical anomaly, as shown on Figure 6.

During the 1997-1998 exploration season, Kennecott collected 181 glacial till samples on the Fry Inlet property. Six (6) samples (VR69619A through VR69624A) were taken on the Property. Sample VR69619A contained 2 clinopyroxene and 5 chromite grains, VR69620A contained one ilmenite grain, VR69622A contained 3 olivine grains, VR69623A contained 2 ilmenite grains and samples VR69621A and VR69624A contained no kimberlite indicator minerals. The sample results do not indicate a mineral train.

11.0 DRILLING

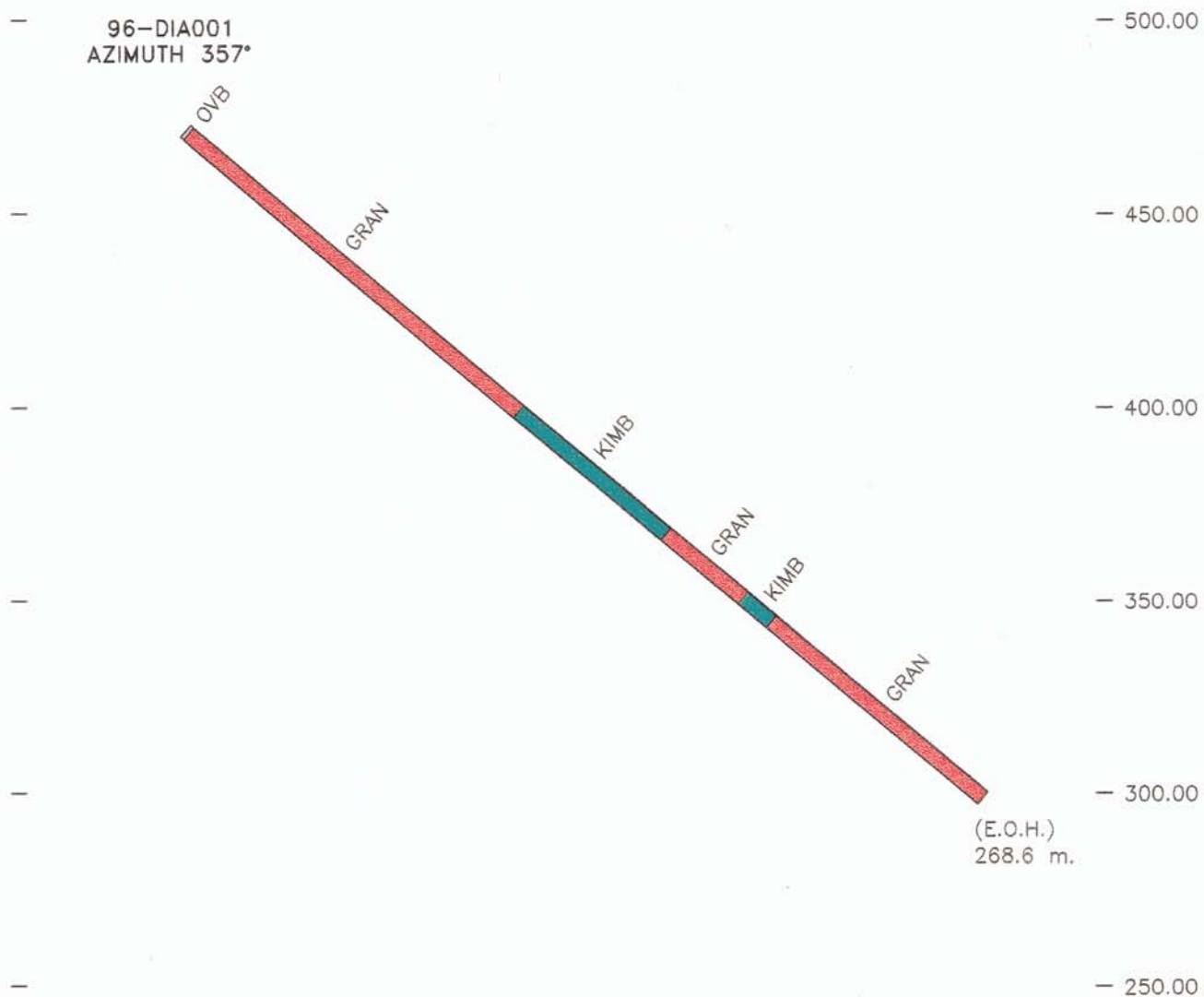
Early in 1996, the Lytton Minerals/New Dolly Varden Joint Venture tested three kimberlite targets developed from the integration of indicator mineral dispersion patterns and airborne geophysical data. The holes were drilled between July 15th and August 6, 1996. The holes were drilled with NQ drill rods. One of the targets, DIA-1 is located on the Property (Claim DIA 52). The other two targets were located on the Fry Inlet property at that time, but fall outside the current Property. No kimberlite was intersected in these holes.

The DIA-1 target was tested with two holes, 96-DIA 001 (Figure 7) and 96-DIA 002 (Figure 8), for a total of 581.7m. Hole 96-DIA 001 was drilled from the south shore of the lake at an azimuth of 357° and a dip of -50° to a depth of 268.6m. The hole was collared in granite and intersected 49.4m of black tuffaceous kimberlite from 112.5m to 161.9m. A 9.5m section of lithological dissimilar red-brown kimberlite was intersected from 187.8m to 197.3m. The hole was stopped in granite at 268.6m.







Hole 96-DIA 002 was drilled from the northeast shore of the lake, at an azimuth of 247° and a dip of -50° to a depth of 313.1m. The tuffaceous kimberlite was intersected from 172.6m to 203.4m. The hole was stopped in granite at 313.1m.

FRY INLET PROPERTY

96-DIA001



LITHOLOGY

-  OVB-OVERBURDEN
-  GRAN-GRANITE
-  KIMB-KIMBERLITE
-  SER-SERPENTINITE
-  GNSS-GNEISS
-  DIAB-DIABASE



NOTE: ELEVATIONS ARE METRES ABOVE SEA LEVEL.

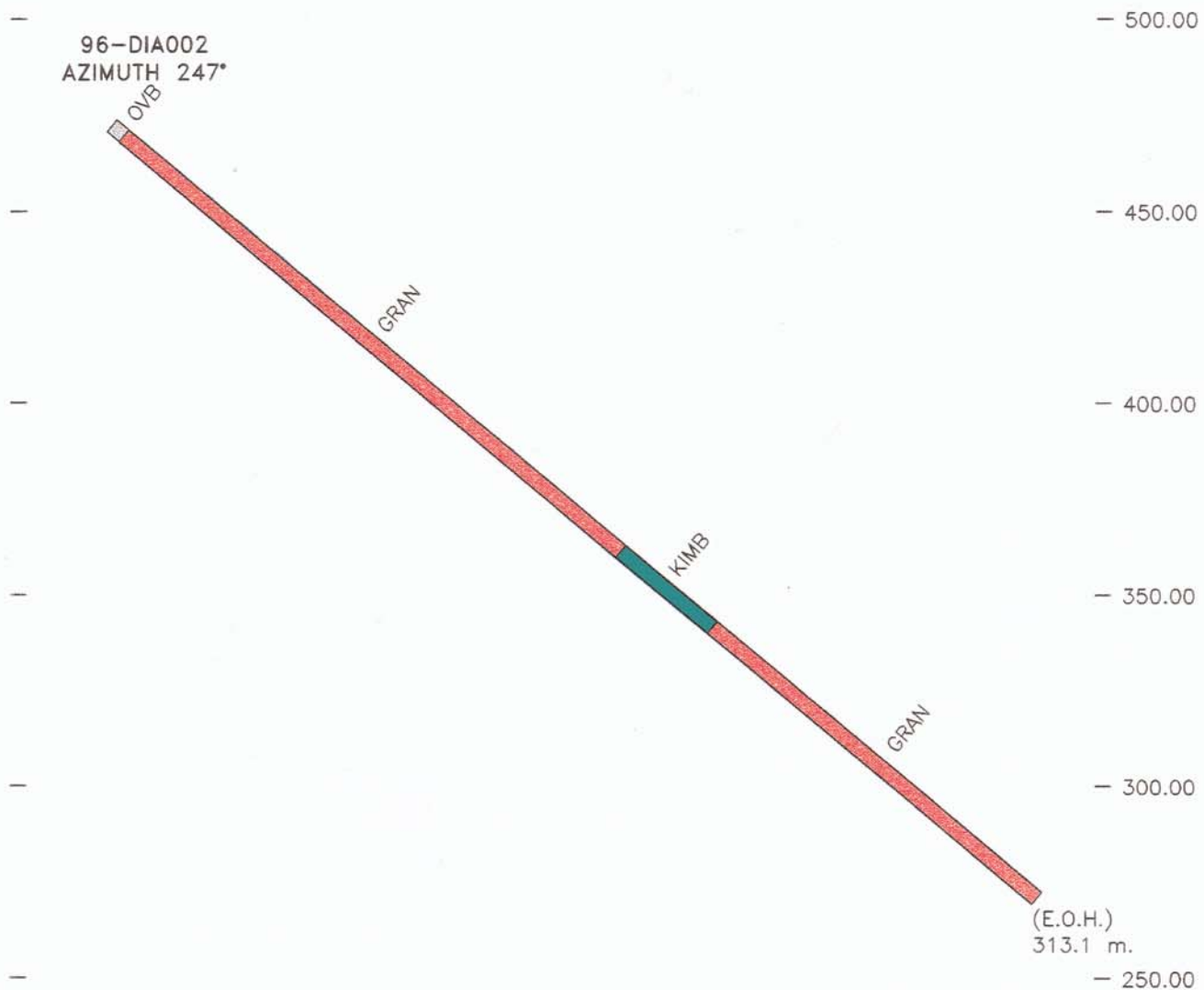
**JUMBO DEVELOPMENT
CORPORATION**

DDH 96-DIA001

SCALE: AS SHOWN	DATE: NOVEMBER 1996
APPROVED BY: JPF	FILE: 96DIA001.DWG
FIGURE 8	
CANAMERA GEOLOGICAL LTD	

FRY INLET PROPERTY

96-DIA002



LITHOLOGY

- OVB-OVERBURDEN
- GRAN-GRANITE
- KIMB-KIMBERLITE
- SER-SERPENTINITE
- GNSS-GNEISS
- DIAB-DIABASE



NOTE: ELEVATIONS ARE METRES ABOVE SEA LEVEL

JUMBO DEVELOPMENT CORPORATION

DDH 96-DIA002

SCALE: AS SHOWN	NTS:	DATE: NOVEMBER 1996
APPROVED BY: JPF	FILE: 96DIA002.DWG	FIGURE 9
CANAMERA GEOLOGICAL LTD		

12.0 SAMPLING METHOD AND APPROACH

The sampling method and approach used on the Property varied greatly depending on whether glacial till or drill core was being sampled, as described below. Experienced samplers collected the samples under the direct supervision of the Canamera project geologist.

12.1 Glacial Till

In areas with extensive glacial cover, frost-boils were considered by Canamera to be ideal sample collection sites. Frost-boils are quite numerous and easy to locate and represent underlying till material that has been reworked by fluid movement to produce a higher concentration of sand-sized particles. The next best sample medium is glacial till. The till layer varies from a veneer of less than 2m thick to a thick blanket of undetermined thickness over most of the claim area.

At each sample site, the sample material was passed through a 6 or 10 mesh wire screen (3.36 to 1.70mm) into a collection basin. This screening process was carried out in the field with the aid of water. The oversize material was examined for kimberlite fragments and discarded if none were found. The material collected in the basin was submerged in water and agitated to liberate the majority of the fine clay and silt particles. The water, with the suspended particles, was then poured off leaving behind only the granular material. This screening and washing process was continued until approximately 15kg of screened and washed material remains. The residual material was transferred to a 15L plastic bucket with a sealable lid for transport.

Sampling by Kennecott, during the 1997-1998 exploration season was consistent with the methodology used by Canamera.

12.2 Kimberlite Drill Core

The kimberlite intersected in holes 96-DIA 001 and 96-DIA 002 was split and divided into 8 or 10 kg batches, with each batch representing a specific core interval ranging from 3 to 10m. In hole 96-DIA 001, ten batch samples were prepared for a total weight of 86.5kg. In hole 96-DIA 002, five batch samples were prepared for a total weight of 42.8kg.

13.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

Professionals at the Canamera laboratory in North Vancouver carried out the sample preparation and analyses of the glacial till samples and the core samples.

13.1 Glacial Till Samples

Canamera used gravity concentration methods and procedures in the initial stages of mineral processing as defined below:

Stage 1 Screening of sample material into 4 size fractions using a vibratory Sweco unit. Size categories are:- 10 mesh (1.7mm), 20 mesh (0.85mm), 40 mesh (0.425mm) and 60 mesh (0.250mm).

Stage 2 Simple gravity separation of the -20 to +40 fraction using Wilfley tables to produce two products:- low density material and high density material. Only the high density product is processed further.

Stage 3 High density product is magnetically separated at two settings to produce three distinct products; an ilmenite rich magnetite concentrate and a garnet-chrome diopside rich concentrate. The remaining material was the non-magnetic fraction.

Stage 4 The ilmenite and garnet-chrome diopside concentrates were further refined using a Magstream dense magnetic media separation.

Stage 5 Trained mineral sorters examined each final concentrate for kimberlitic pyrope garnet, chrome diopside, eclogitic garnet, ilmenite, chromite and olivine grains using binocular microscopes. Questionable grains were examined by the senior mineralogist and/or sent out for microprobe analysis.

At each stage of screening, separation and concentration a record of weights were maintained for all fractions. All sample splits were repackaged and kept in archives.

Of the 64 samples returning anomalous results two samples (28618 and 38637) fall within the confines of the present Property. For comparative purposes the results of the remaining 62 samples take from within the original property but falling outside the current Property are presented in Table 1 and on Figure 6.

Table 1**FRY INLET ANOMALOUS TILL SAMPLES**

Sample Number	NTS	Claim Number	Tabling Wt/gm	Concentrate Wt/gm	Sort Wt/gm	Result Class	PY	EG	CD	ILM	CR	OL
20366	76E2	DIA 57	2700	170	54	Anomalous	0	0	1	0	0	0
20369	76E2	DIA 29	3100	400	56	Anomalous	0	0	1	0	0	0
21279	76E7	DIA 62	2000	78	26	Anomalous	0	0	1	0	0	0
21298	76E2	DIA 28	2700	108	34	Anomalous	0	0	1	0	0	0
21453	76E2	DIA 27	4500	178	41	Anomalous	0	0	1	0	0	0
22103	76E1	DIA 44	1600	88	10	Anomalous	0	0	0	0	0	1
22105	76E1	DIA 45	2100	145	24	Anomalous	0	0	1	0	0	0
22110	76E1	DIA 44	1700	94	15	Anomalous	0	1	0	0	0	0
22740	76E2	DIA 56	2600	398	52	Anomalous	0	0	1	0	0	0
23814	76E2	DIA 28	2700	126	40	Anomalous	0	1	1	1	0	0
23816	76E2	DIA 29	900	124	20	Anomalous	0	0	1	0	0	0
23862	76E2	DIA 57	2700	232	38	Anomalous	0	0	1	1	0	1
24470	76E7	DIA 60	1700	312	11	Anomalous	2	0	1	0	0	0
24513	76E1	DIA 33	2300	354	23	Anomalous	0	3	0	0	0	0
25209	76E2	DIA 29	400	58	8	Anomalous	0	0	3	0	0	0
26554	76E2	DIA	3200	208	51	Anomalous	0	0	1	0	0	3
26636	76E7	DIA 60	2400	74	26	Anomalous	0	0	1	0	0	0
28051	76E2	DIA	3300	158	34	Anomalous	0	0	1	0	0	0
28336	76E2	DIA	3100	124	24	Anomalous	0	0	2	0	0	0
28341	76E2	DIA	3500	180	55	Anomalous	1	0	1	1	0	0
28600	76E1	DIA 44	3500	326	53	Anomalous	0	0	1	0	0	0
28618	76E1	DIA 52	5400	90	20	Anomalous	0	0	1	0	0	0
29341	76E8	DIA 78	2300	214	31	Anomalous	0	0	0	1	0	0
29352	76E8	DIA 97	3700	78	18	Anomalous	0	1	0	0	0	0
29367	76E8	DIA 77	3000	246	24	Anomalous	0	1	0	0	0	0
29396	76E1	DIA 44	2300	266	14	Anomalous	0	0	1	0	0	0
29433	76E8	DIA 68	1800	118	10	Anomalous	0	0	1	0	0	0
29472	76E8	DIA 78	3100	340	28	Anomalous	0	0	0	7	0	0
38637	76E1	DIA 52	5200	172	69	Anomalous	1	0	2	0	0	100
38646	76E8	DIA 72	5000	248	84	Anomalous	0	0	1	0	0	0
38647	76E8	DIA 72	5500	352	99	Anomalous	0	0	0	0	1	0

Samples collected by Kennecott during the 1997-1998 exploration season were processed at Kennecott's heavy mineral laboratory in Thunder Bay, Ontario. Sample processing consisted of wet and dry processes. The process includes de-sliming,

classifying, magnetic separation and heavy liquid separation. This procedure reduces the sample size from 20kg to a concentrate of approximately 5gms.

The sample is dumped into a ball mill to break down lumps and liberate the clay fraction. Water is continually added during milling to wash away the clay fraction (“de-slime”) leaving only coarser fractions. Next, the sample is coarse sieved using a 20 mesh (U.S.A. Standard Sieve Series) and wet sieved again using a 60 mesh screen. One scoop of - 60mesh is collected at this point for 32 element ICP analysis. The remainder of the undersize is discarded. The -20+60mesh material is collected and placed in an oven until dry. After drying, additional breakdown of mineral grains occurs and it is necessary to re-classify and clean the sample. The sample is passed through a 40 mesh sieve to split the sample into a fine (-40+60) sample and a coarse (-20+40) sample. The coarse sample is then stored to serve as a backup to check results seen in the fine fraction. Next, the -40+60 mesh fraction is passed through a magnetic separator to split the magnetic and non-magnetic fractions. The non-magnetic fractions are stored. Kimberlite indicator minerals are paramagnetic and report to the magnetic fraction. The magnetic fraction is then titrated in non-toxic sodium polytungstate (specific gravity: 2.89g/cc). All kimberlitic indicator minerals sink in this liquid. The “sinks” are the magnetic, heavy mineral concentrates that is sent to the microscopy laboratory for examination.

Kennecott’s Thunder Bay Laboratory uses specially trained mineral technicians to search through the heavy mineral concentrate using binocular microscopes equipped with fiber-optic lights and with Gerrys belts. Technicians set aside each suspected kimberlitic grain, then record the totals on a picking sheet, and later transfer the information to a database. Suspected indicator minerals are checked by a geologist who checks the mineral picker’s grain ID and describes a number each grain.

Suspected kimberlitic gra

Kennecott collected 181 glacial till samples on the Fry Inlet property. Six (6) samples (VR69619A through VR69624A) were taken on the Property. Sample VR69619A contained 2 clinopyroxene and 5 chromite grains, VR69620A contained one ilmenite grain, VR69622A contained 3 olivine grains, VR69623A contained 2 ilmenite grains and samples VR69621A and VR69624A contained no kimberlite indicator minerals. The sample results do not indicate a mineral train.

13.2 Kimberlite Drill Core Samples

The kimberlite intersections in 96-DIA 001 and 96-DIA 002 were subjected to caustic fusion digestion for diamond extraction. The batches received from the field were heated in caustic soda (NaOH) in excess of 600°C for 24 hours. The residue is cleaned with HCL. After cleaning, the residue is hand sorted for diamonds under a binocular microscope capable of 1,000x magnification, and equipped with a cross-polar, rotating petrographic stage. Further investigation by scanning electron microscope equipped with energy dispersive spectrometer and microscopic infrared spectrometry. Canamera reported that recovery from exploration samples was complete down to 700 mesh. After recovery, diamonds were measured and described. If large enough, the diamonds are weighed. Weights are estimated for smaller micro-diamonds using y-z length measures.

For control purposes, Saskatchewan Research Council (“S.R.C.”) and Lakefield Research in Ontario carried out similar caustic digestion tests on the residual samples and the results summarized on Table 2.

Table 2
LABORATORY COMPARATIVE TEST MATERIAL

LABORATORY	TOTAL BATCHES	TOTAL WEIGHT OF CORE PROCESSED (kg)
Canamera	15	129.3
S.R.C.	7	44.8
Lakefield	6	48.0
TOTAL	28	222.1

Table 3 below summarizes the diamond recovery for the core recovered from the DIA-1 kimberlite as reported in the Canamera report for the Canamera, S.R.C. and Lakefield analysis.

Table 3
RESULTS OF COMPARATIVE LABORATORY ANALYSIS

Laboratory	Weight Processed	Macros	Micros	Macros >1 mm	Macros >2 mm	Total Diamonds	Total Carats
Canamera	129.3 kg	2	23			25	0.0048
S.R.C.	44.8 kg	0	23	0	0	23	0.0037
Lakefield	48.0 kg	0	0	0	0	0	0.0000
TOTAL	222.1 kg	2	46	0	0	48	0.0085

It is interesting to note that S.R.C. recovered 23 diamonds from 44.8kgs of kimberlite or approximately 38% of total weight processed by Canamera, who recovered 25 diamonds from 129.3kg of kimberlite. Table 4 presents a complete breakdown of the 25 diamonds identified by Canamera.

Table 4
SUMMARY - DIAMOND PROPERTIES - DIA-1 PIPE
CANAMERA RESULTS

Diamond Drill Hole 96-DIA 001

Batch #	From (ft)	To (ft)	Results	Start Weight	Length (mm)	Width (mm)	Height (mm)	Size	Carats	Clarity	Shape	Color	Comment
201054	495	505	Anom	10	0.346	0.269	0.212	Micro	0.0002	2	2	3	
201055	505	515	Barren	9									
201056	515	525	Annom	8	0.171	0.122	0.122	Micro	0.0001	1	1	1	
201057	525	533	Barren	10									
201058	370.33	409.5	Barren	10									
201059	409.5	445	Barren	10									
201060	445	473.42	Anom	10	0.300	0.250	0.150	Micro	0.0001	1	2	1	
201060	445	473.42	Anom	10	0.250	0.225	0.175	Micro	0.0001	1	2	2	
201060	445	473.42	Anom	10	0.125	0.100	0.050	Micro	0.0001	1	2	2	
201060	445	473.42	Anom	10	0.425	0.300	0.250	Micro	0.0004	1	2	3	
201060	445	473.42	Anom	10	0.250	0.200	0.200	Micro	0.0001	1	1	2	
201060	445	473.42	Anom	10	0.100	0.075	0.050	Micro	0.0001	1	1	2	
201060	445	473.42	Anom	10	0.325	0.225	0.175	Micro	0.0002	1	1	1	
201060	445	473.42	Anom	10	0.150	0.100	0.075	Micro	0.0001	1	2	1	
201060	445	473.42	Anom	10	0.275	0.175	0.175	Micro	0.0001	1	2	2	
201060	445	473.42	Anom	10	0.400	0.375	0.225	Micro	0.0004	1	2	3	
201060	445	473.42	Anom	10	0.325	0.250	0.150	Micro	0.0002	1	2	3	yellow
201060	445	473.42	Anom	10	0.275	0.250	0.150	Micro	0.0001	1	2	1	
201060	445	473.42	Anom	10	0.550	0.475	0.350	Macro	0.0008	1	1	2	
201060	445	473.42	Anom	10	0.175	0.125	0.075	Micro	0.0001	1	2	1	
201060	445	473.42	Anom	10	0.150	0.125	0.125	Micro	0.0001	2	1	2	
201060	445	473.42	Anom	10	0.200	0.175	0.125	Micro	0.0001	2	2	2	yellow
201060	445	473.42	Anom	10	0.675	0.375	0.200	Macro	0.0004	2	2	2	
201060	445	473.42	Anom	10	0.425	0.275	0.175	Micro	0.0003	1	1	1	
201060	445	473.42	Anom	10	0.175	0.125	0.075	Micro	0.0001	1	2	2	
201061	473.42	492	Barren	7									
201062	612	642	Anom	10	0.244	0.195	0.122		0.0001	1	2	2	
201062	612	642	Anom	10	0.195	0.171	0.122		0.0001	1	2	3	
201063	642	651	Barren	2.5									

Diamond Drill Hole 96 - DIA 002

Batch #	From (ft)	To (ft)	Results	Start Weight	Length (mm)	Width (mm)	Height (mm)	Size	Carats	Clarity	Shape	Color	Comments
201064	568	583	Anom	10	0.375	0.250	0.225	Micro	0.0002	1	2	2	
201065	583	606	Anom	10	0.195	0.195	0.098	Micro	0.0001	1	2	3	
201066	606	633.17	Barren	10									
201067	633.17	659.75	Barren	10									
201068	659.75	664.25	Barren	2.8									

Southampton believes that the sampling of the glacial till and the kimberlite intersected in drilling was adequate and that the sample preparation and analytical procedures were appropriate given the sample medium.

14.0 DATA VERIFICATION

During the site visit, Southampton examined the core from the discovery drill holes with special attention being paid to the remaining split half of the kimberlite intersections. Due to the passage of time, the Canamera project geologist was not available to confirm the reported sampling and analytical procedures; however, Dr. Raymond Davies, Lytton's consulting geologist on the project supported the procedures detailed in the Canamera reports. Southampton did not resample and reprocess the kimberlite for diamonds because it would have taken the remaining core to carry out a realistic confirmation test. Furthermore, it was felt that the supplemental confirmation tests completed by S.R.C. and Lakefield Research was sufficient to suggest that there are diamonds present in the kimberlite. Further drilling is planned to obtain more kimberlite for further analysis.

15.0 ADJACENT PROPERTIES

As mentioned in the introduction the Fry Inlet property was acquired by staking in 1992. As a result of over a decade of successful exploration and subsequent land divestiture the property was systematically reduced in size from the original 102 claims to the current 1 claim hosting the DIA-1 diamond bearing kimberlite. As a result of this process, the former original property is now the current adjacent property and where appropriate these results were included in this report to establish the exploration chronology.

Southampton also visited Lytton Mineral's T-31 an LI-201 diamondiferous kimberlite pipes on the ICE claims, immediately west of the original Fry Inlet property.

16.0 MINERAL PROCESSING AND METALLURGICAL TESTING

No metallurgical testing was carried out on the kimberlite core samples; however, diamond extraction by caustic fusion is a form mineral processing and is described in Section 13 of this report.

17.0 MINERAL RESOURCES AND MINERAL RESERVE ESTIMATES

There are no mineral resources and mineral reserves on the Property.

18.0 INTERPRETATION AND CONCLUSIONS

The following is based on the results of the work completed on the original Fry Inlet property, as it applies to the discovery of the diamond bearing kimberlite body on the current Property, being Claim DIA-52.

The airborne geophysical surveys were successful in identifying numerous anomalies exhibiting characteristics similar to known kimberlite pipes. Subsequent glacial till sampling programs identified several kimberlite indicator mineral dispersion trains, down ice from airborne geophysical anomalies. The DIA-1 airborne anomaly is located on the Property and is characterized by a large semicircular negative magnetic anomaly coincident with a subtle conductivity anomaly. This anomaly is also coincident with a small circular lake on the Property. Subsequent glacial till sample identified a relatively short, predominantly olivine-rich dispersion train, extending southwest from the geophysical anomaly.

The complementary relationship between the magnetic and electromagnetic response parameters, the coincident relationship with a small circular lake (indicative of a topographic depression) and the existence of a kimberlite indicator mineral (olivine) train down ice from the geophysical anomaly suggested that this target DIA-1 might reflect a kimberlite body. Subsequent diamond drilling consisting of two holes totaling 581.7m intersected a tuffaceous kimberlite in both holes. The kimberlite intersections were split and one half of the core sampled over intervals of 3 to 10m to comprise an individual composite batch sample weighing from 8 to 10kg. A total of 15 batch samples totaling 129.3kg were shipped to the Canamera Laboratory in North Vancouver for caustic fusion digestion. In addition, seven batch samples totaling 44.8kg were sent to S.R.C. and six samples, totaling 48.0kg were sent the Lakefield Research for comparative analysis.

Canamera recovered 2 macro-diamonds and 23 micro-diamonds totaling 0.0048 carats from a total weight processed of 129.3kg. S.R.C. recovered 23 micro-diamonds totaling 0.0037 carats from a total weight processed of 44.8kg. Lakefield Research did not recover any diamonds from a total weight processed of 48.0kg.

It is interesting to note that S.R.C recovered almost the same number of diamonds, 23 for S.R.C. versus 25 for Canamera, from approximately 65% less material. Equally intriguing is that Lakefield Research did not recover any diamonds from about the same

amount of material as S.R.C. It is not clear from Canamera's report as to how the batch samples were selected for distribution to the various laboratories. Given the process weight for the Canamera 15 batch sample, totaling 129.3 kg it appears from the sample logs, to represent the total kimberlite interval intersected in the drilling and as such would reflect a composite diamond recovery for the kimberlite intersection. However, in the case of S.R.C. and Lakefield Research, the report states that S.R.C. received 7 batch samples and Lakefield Research received 6 samples. What is not clear is the core interval of the respective batch sample relative to the kimberlite intersection. From the sample logs suggest that the diamond distribution is not uniform over the kimberlite intersection. S.R.C. could have received a batch of samples taken from a kimberlite interval containing a higher concentration of diamonds than other sections and conversely the batch samples sent to Lakefield Research could represent material taken from a kimberlite interval containing a lower concentration of diamonds.

Southampton believes that the kimberlite intersected in the drilling reflects several phases or injection pulses within the kimberlite, with each phase or injection pulse exhibiting its own characteristic diamond content.

What is significant is given the small amount of kimberlite processed (44.8kg) by S.R.C. that any diamonds were recovered at all. The fact that 23 micro-diamonds were recovered for such a small amount of material is very anomalous.

The results of the six glacial till sampling and the limited reconnaissance ground geophysical surveys completed on the Property by Kennecott since the date of our last report are not material.

In summary, the fact that the two diamond drill holes intersected kimberlite is significant and coupled with the fact that the kimberlite is diamondiferous, containing not only micro-diamonds but also two macro-diamonds, is very significant. However, further drilling is required to determine the potential economic significance of these very early stage results.

19.0 RECOMMENDATIONS

Given the encouraging results, it is recommended that:

- i) Jumbo Development investigate the possibility of acquiring additional property immediately to the south and west of the Claim DIA-52, given that kimberlite pipes typically occur in clusters;
- ii) A high resolution / high data density ground magnetometer and electromagnetic surveys, be carried out on the ice of the DIA-1 target lake and its environs to further define the kimberlite body;
- iii) A 1000m, six (6) hole diamond drill program be carried out to further define the DIA-1 diamond bearing kimberlite intersected during the 1996 drilling program.

The total cost of the above is estimated to cost \$600,000 as summarized below:

1.	Claim Staking	\$ 30,000
	8 claims (20,660 acres @\$1.00/acre) + mob & demob	
2.	Line Cutting	\$ 40,000
3.	Magnetometer & Electromagnetic Surveys	\$ 30,000
4.	Diamond Drilling	
	1000m @ \$350/metre (all inclusive)	\$350,000
5.	Sample Processing and Analysis	\$ 50,000
6.	Reporting	\$ 25,000
7.	Contingency	<u>\$ 75,000</u>
	TOTAL	\$600,000

20.0 REFERENCES

COMPANY REPORTS

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3. **Report:-** "Summer 1996 Exploration Drill Proposal Phase I" prepared for New Dolly Varden Minerals Ltd., by Canamera Geological Ltd., author unsigned, July 5, 1996.
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