BROULAN REEF PROPERTY SUMMER 2006 DIAMOND DRILLING RED LAKE AREA, ONT.

APRIL 10, 2007



NTS 52 N 4

By: David J. Busch B.A., B.Sc. (hons.), PGEO For: Cypress Development Corp. and Skyharbour Resources Ltd.

April 10, 2007

TABLE OF CONTENTS	PAGE
SUMMARY INTRODUCTION DISCLAIMER	1 1 2 2
ACCESSIBILITY, CLIMATE, LOCAL RESOURCES,	2
EXPLORATION HISTORY	0 7 7
REGIONAL GEOLOGY	7
DEPOSIT TYPES; MINERALIZATION IN THE	10
MINERALIZATION ON BROULAN REEF PROPERTY	11 13
and SKYHARBOUR RESOURCES LTD.	16
DIAMOND DRILLING (CURRENT) SAMPLING METHOD AND APPROACH	16 18
SAMPLE PREPARATION, ANALYSIS AND SECURITY DATA VERIFICATION	18 19
MINERALIZATION ON ADJACENT PROPERTY DISCUSSION	20 23
CONCLUSIONS AND RECOMMENDATIONS REFERENCES AND SOURCES OF INFORMATION	27 29
LIST OF TABLES	
TABLE 1 CLAIM STATUS	5 12
TABLE 3 SIGNIFICANT RESULTS FROM 2006 SUMMER	15
TABLE 4 DIAMOND DRILL HOLE DETAILS	17
SUBMITTED WITH DRILL CORE	19 4 20
	/1 29
LIST OF FIGURES	
FIGURE 1 LOCATION OF RED LAKE GREENSTONE BELT FIGURE 2 BROULAN REEF PROPERTY LOCATION FIGURE 3 BROULAN REEF PROPERTY CLAIMS	3 4 5
FIGURE 4 RED LAKE BELT GEOLOGY BASED ON LITHOLOGY FIGURE 5 PROPERTY GEOLOGY	Y 8 9
FIGURE 6 GEOLOGY BASED ON DRILL HOLES FIGURE 7 GEOLOGY CROSS SECTION	10 11

FIGURE 8 CROSS SECTION SHOWING STRUCTURES AND	
GOLD VALUES	14
FIGURE 9 DRILL HOLE LOCATIONS	17
FIGURE 10 SKETCH OF CONCEPTUAL LITHO-STRUCTURAL	
ZONE	21
FIGURE 11 LONGITUDINAL OF BRUCE CHANNEL LITHO-	
STRUCTURAL ZONE	22
FIGURE 12 PERSPECTIVE VIEW OF 'DEPTH TO BALMER	
ASSEMBLAGE'	24
FIGURE 13 PERSPECTIVE VIEW OF DRILLING TO DATE	25
FIGURE 14 PERSPECTIVE VIEW OF INTERPRETED	
STRUCTURES	26
FIGURE 15 BROAD OPEN FOLD IN IRON FORMATION	27
FIGURE 16 PROPOSED DRILL HOLES GENERALIZED	28

APPENDICIES - REFER TO ORGINAL REPORT

- APPENDIX I CERTIFICATE OF AUTHOR; CONTRACT SERVICES EXPENDITURES EXPENDITURES BY CLAIM
- APPENDIX II DIAMOND DRILL HOLE LOGS
- APPENDIX III ANALYTICAL DATA LOCATIONS STANDARDS CERTIFICATION SHEETS APPENDIX IV LABORATORY ANALYTICAL SHEETS

SUMMARY

This report documents and evaluates diamond-drilling results on the Broulan Reef property in the archean Red Lake belt of Ontario. The Broulan Reef property covers 122.4 hectares and consists of 10 contiguous surveyed mining leases. The property is almost completely covered by Red Lake. A joint venture between Cypress Development Corp. and Skyharbour Resources Ltd. is earning a 100% interest in the property.

The work was carried out between June 20,2006 and Oct. 30, 2006 and consisted of diamond drilling of 2 holes totaling 2991.7 meters. Drilling tested several structural settings within Bruce Channel sediments. These targets were interpreted from a ground magnetic survey.

Gold values of up to 3.33 grams over 1 meter were encountered in drill hole BR06-7 between 213 and 214 meters. Numerous elevated but noneconomic gold values were obtained in various other lithologies and structures.

It is concluded that promising gold targets exist within Balmer Assemblage rocks beneath the Bruce Channel sediments on the property. The Balmer Assemblage rocks are projected to be at vertical depths of between 900 and 2000 meters on the property. It is recommended that diamond drilling test this target setting.

INTRODUCTION

Mr. Donald Huston President of Cypress Development Corp requested the author to carry out and document diamond drilling on the Broulan Reef property in the Red Lake greenstone belt. The objective was to evaluate structural elements within Bruce Channel sediments and to determine if and where Balmer Assemblage rocks were likely to occur on the property. The author was further requested to make recommendations for further work if warranted. The report is to be compliant with 43-101 standards and used as an assessment report and as an aid to financing further work on the property.

The author is a Professional Geoscientist and has been a consultant to the mineral exploration industry for 25 years. The author has particular experience in exploring for and developing Archean lode gold deposits as well as volcanic and carbonate hosted base metals.

The author directly supervised all work on the property between February 17, 2006 and Oct. 30, 2006. The author also relied on geological reports and maps, miscellaneous papers, published government reports, assessment file documents and other public information listed in the "References and Sources of Information" section at the end of this report.

DISCLAIMER

The author has assumed that all information and technical documents reviewed and listed in the "References and Sources of Information" are accurate and complete in all material aspects. While the author carefully reviewed this information, the author has not conducted an independent investigation to verify their accuracy or completeness. The author reserves the right, but will not be obligated to revise this report and conclusions if additional information becomes known subsequent to the date of this report.

For information relating to property agreements and costs I have relied on documents provided to me by Cypress Development Corp. and Skyharbour Resources Ltd. and disclaim responsibility for such information.

LOCATION AND PROPERTY DESCRIPTION

The Red Lake greenstone belt is shown in Figure 1

The property is located in NTS area 52N4 near the town of Red Lake in the province of Ontario and is shown in Figure 2 with latitude and longitude references.. The Broulan Reef property consists of 10 contiguous, surveyed mineral leases covering 122.44 hectares. The individual leases and numbers are shown in Figure 3. The leases and their status are listed in Table 1. All leases are in good standing to August 31, 2027.



FIGURE 1 LOCATION OF RED LAKE GREENSTONE BELT



FIGURE 2 BROULAN REEF PROPERTY LOCATION; Property identified and shown in red. Red lines show Latitude and longitude



FIGURE 3 BROULAN REEF PROPERTY CLAIMS

DISP. NO.	TOWN	AREA	Start	Finish	lease-lic
	SHIP	ha			no
KRL41961	Dome	9.7	Aug. 31, 2006	Aug 31 2027	104171
KRL41962	Dome	16.1	Aug. 31, 2006	Aug 31 2027	104174
KRL41963	Dome	10.3	Aug. 31, 2006	Aug 31 2027	104175
KRL41964	Dome	10.6	Aug. 31, 2006	Aug 31 2027	104176
KRL41965	Dome	14.4	Aug. 31, 2006	Aug 31 2027	104169
KRL41966	Dome	16.2	Aug. 31, 2006	Aug 31 2027	104177
KRL41967	Dome	6.1	Aug. 31, 2006	Aug 31 2027	104172
KRL41968	Dome	16.0	Aug. 31, 2006	Aug 31 2027	104170
KRL41969	Dome	15.8	Aug. 31, 2006	Aug 31 2027	104178
KRL41970	Dome	7.2	Aug. 31, 2006	Aug 31 2027	104173
	Tatal	100 1			

Cypress Development Corp. and Skyharbour Resources Ltd. entered into an option agreement with the holder of the mineral leases to acquire a 100% interest in the property. Interests are divided 80% to Cypress Development Corp. and 20% to Skyharbour Resources Ltd. The author has reviewed the agreement and presents the following as a summary of the essentials of the option terms:

OPTION PAYMENTS

\$20,000 upon execution

plus\$25,000 before April 30, 2007plus\$35,000 before April 30 2008TOTAL\$80,000 before April 30, 2008

WORK COMMITMENT

\$250,000 before April 20, 2007

plus\$400,000 before April 30, 2008plus\$500,000 before April 30, 2009TOTAL \$1,150,000 before April 30, 2009

NET SMELTER RETURN of 2% due quarterly to the optionor upon production from the property.

The agreement is dated February 28, 2006 and supersedes a letter of intent between the parties dated January 9, 2006. All terms of the agreement have been met as of the date of this report.

ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

Red Lake is serviced by paved Provincial Highway 105 from the Trans Canada Highway. The property is covered by the waters of Red Lake. Secondary roads, logging roads and recreational access roads can be used to gain access to the property. The property can also be accessed by boat or snowmobile from Red Lake. A ferry links McKenzie Island to the town of Couchener during the summer and an ice road is maintained throughout the winter.

There are no parks or developments that would interfere with exploration for or exploitation of any mineral deposits that might be located on the property. Surface rights on land are owned separately or are still vested in the Crown.

Bedrock exposure is limited to small exposures on the east and west shoreline on the property. Red Lake is the dominant feature in the area.

The property is flat with a mean elevation of 350 meters above sea level. Most of the area has a relief of less than 10 meters.

The climate is typical mid latitude continental. Field operations on most of the property are possible only in winter. Small portions of land on the east and

west shore could be used for drilling during any time of the year. Poplar, balsam, spruce, pine and birch are the dominant tree species on land.

Activities involving or affecting the lake or lake shore will require a permit from the Federal Department of Fisheries and Oceans (DFO) prior to commencement. None of the drilling recommended in this report will require DFO approval if conducted with sufficient care.

EXPLORATION HISTORY

Exploration on the property prior to its acquisition by Cypress / Skyharbour has been very limited. The only recorded work was from two drill holes. One drill hole was completed in 1960 and a second hole completed in 1962. Total drilling amounted to 730.3 meters. No assays are reported with these drill logs and the logs give no indication if any samples were taken.

GEOLOGICAL SETTING

REGIONAL GEOLOGY

The Red Lake greenstone belt is one of a series of Meso and Neoarchean volcanic terrains that stretch across Northwestern Ontario and Southeastern Manitoba. Collectively they are referred to as the Uchi Subprovince, M. Sanborn-Barrie et al. (2001). Figure 4 is a geology map of the Red Lake belt based on lithologies.



FIGURE 4 RED LAKE BELT GEOLOGY BASED ON LITHOLOGIES. Broulan Reef property shown in red in Dome Twp. Modified from Miscellaneous Release – Data 62, Geological Survey of Canada, Open File D3751



FIGURE 5 PROPERTY GEOLOGY; Broulan Reef claims shown in red. Also shown are location of Bonanza Zone of Premier Gold Mines Limited and the Channel Zone of Gold Eagle Mines Ltd. Geology modified from: Sanborn-Barrie, M., Skulski, T., and Parker, J.2004: Geology, Red Lake greenstone belt, western Superior Province, Ontario; Geological Survey of Canada, Open File 4594.

PROPERTY GEOLOGY

The geology in the vicinity of the Broulan Reef property is shown in Figure 5. Detailed geology of the property based on diamond drilling is shown in Figure 6. Figure 7 shows the geology in a section across the property.

The property is underlain rocks of the Bruce Channel assemblage. This assemblage consists of argillites, wackes, sandstone, conglomerate. iron formation and felsic pyroclastics and rhyolite. The most significant results of the current drilling is the identification of very shallow dips on all lithologies and contacts and that the Bruce Channel sediments are a shallow dipping homocline facing west across the entire property. This is shown in Figure 7.

The shallow dips indicate that, at depth, Balmer Assemblage rocks will underlay virtually all of the property. This was confirmed in drill hole BR06-6 that ended in what is believed to be Balmer Assemblage rocks.



FIGURE 6 BROULAN REEF PROPERTY GEOLOGY; Drill holes covered in this report are shown with red labels.



FIGURE 7 GEOLOGY CROSS SECTION View to the northwest; geology based on drill holes and outcropping.

The southwest corner of the property is believed to be underlain by the Dome stock. The Dome stock is a massive pink to gray granodiorite intrusive. The contact alteration along the margins of this stock are obscured by pervasive calcite alteration in the area.

DEPOSIT TYPES; MINERALIZATION IN THE RED LAKE BELT

Gold has been the only metal mined in the Red Lake belt. The only significant occurrence of base metals is the Trout Bay Zn-Cu-Ag deposit in the

western part of the belt. The South Bay base metal mine produced from the Confederation Lake belt east of the Red Lake belt.

A total of 19,223,307 ounces of gold have been produced from 13 mines in the Red Lake area. Gold production has been continuous since 1930 when the Howey Gold Mine entered production. Current gold production is around 700,000 ounces per year from the Campbell mine of Placer Dome and the Dickenson mine of Goldcorp. Production from the Red Lake belt is shown in Table 2 and the location of mines is shown in Figure 2.

Mine Name	Ounces of Gold Produced	Average Grade of Production (oz/ton)	Years of Production	Township
CAMPBELL RED LAKE	10,335,248	0.575	1949-PRES	Balmer
GOLDCORP (DICKENSON)	3,736,704	0.434	1948-PRES	Balmer
MADSEN	2,452,388	0.283	1938-76	Baird
COCHENOUR-WILLANS	1,244,279	0.538	1939-71	Dome
McKENZIE RED LAKE	651,156	0.277	1935-66	Dome
HOWEY GOLD MINES	421,592	0.091	1930-41	Heyson
HASAGA	218,213	0.144	1938-52	Heyson
H.G. YOUNG	55,244	0.192	1960-63	Balmer
MCMARMAC RED LAKE	45,246	0.296	1940-48	Dome
GOLD EAGLE	40,204	0.223	1937-41	Dome
RED LAKE GOLD SHORE	21,100	0.244	1936-38	Dome
BUFFALO	1,656	0.052	1981-82	Heyson
RED SUMMIT	277	0.469	1935-36	Todd
TOTAL	19,223,307			

TABLE 2 GOLD PRODUCTION FROM THE RED LAKE BELT

The potential for additional gold discoveries in the Red Lake area is well illustrated by the recent discovery of the "High-grade" (Hanging Wall 5 Zone) in the Dickenson mine of Goldcorp. This zone contains in excess of 1 million ounces of gold and was discovered within an area that was accessible from a mine that had been in operation for 50 years. Recent mapping by both Federal and Provincial geological surveys has identified a number of alteration, structural and stratigraphic features that strongly influence the distribution of gold within the belt. These features are of belt scale and have not been systematically explored.

Two new and significant discoveries have been made since 2005 in sedimentary rocks of the Bruce Channel. These include the Bonanza deposit reported by Premier Gold Mines Limited (2006) and a discovery by Gold Eagle Mines Ltd. (2007) under the Bruce Channel. The Bonanza discovery is approximately 1.5 kilometer to the east of the Broulan Reef property and the Channel discovery lies 1.5 kilometers north of the property. The Bonanza deposit lies within sediments and iron formation of the Bruce Channel rocks and the Channel deposit is located in Balmer Assemblage rocks just below the unconformity with the Bruce Channel sediments. Virtually all of the gold production from Red Lake can be classified as Lode Gold deposits. These deposits are typically vein style and generally follow lithology and structures in the enclosing rocks. In the Red Lake area rocks, structures and veins have a steep dip. Gold occurrences are known in every rock type and age in the Red Lake belt.

The key features of lode gold deposits in the Red Lake belt can be summarized by the following generalizations:

- 1. Gold mineralization is generally localized along discreet structures within favorable rock sequences.
- 2. Gold mineralization occurs in proximity to a belt scale unconformity separating Neo and Mesoarchean rocks. This applies to late granitic rocks that have intruded in or near this unconformity (eg. Red Lake Gold Shore mine).
- 3. Gold mineralization is associated with large areas of ferroan-dolomite alteration. The areas reflecting this alteration are particularly evident in the mafic-ultramafic rocks of the Balmer Assemblage and may be much more subtle and localized in more felsic assemblages like the Bruce Channel assemblage.
- 4. Silicification in the form of extension and fault-filled veins, 'jigsaw puzzle' breccia veins and open space fillings is associated with gold mineralization. Gold bearing silicification typically contains arsenopyrite and other sulfide minerals.

It should be pointed out that these features apply to all known gold deposits in the belt.

MINERALIZATION ON BROULAN REEF PROPERTY

Gold values encountered by Cypress Development Corp. and Skyharbour Resources Ltd. during the 2006 summer drilling are shown in Table 3. No mineral or gold showings, reserves or production were known on the Broulan Reef property prior to the current program. Drill logs are presented in Appendix II of this report. Sample location data and laboratory analytical sheets are presented in Appendices III and IV respectively.

Figure 8 is a cross section showing zones of foliated rocks, shears and gold values as bar graphs. Although none of the gold intercepts reported are economic, the location of these values occur in several setting:

- Gold in Bruce channel sediments not related to structures. This appears to be the case in bedded arkose-wacke-conglomerate units in the upper part of the Bruce Channel sediments as well as the iron formation unit.
- Gold within foliated zones and associated shears. This type of occurrence is more typical of economic mineral systems.





FIGURE 8 CROSS SECTION SHOWING STRUCTURES AND GOLD VALUES; Gold values in parts per billion are shown as bar graph along drill hole trace and are capped at a maximum of 500ppb gold.

Prepared by David J. Busch

April 10, 2007

TABLE	3 SIGNIFICANT	RESULTS	FROM 2006	SUMMER	DRILLING

Hole No.	From m	To m	Length	grams/ton	
			m	*1	_
BR06-6	12.7	16.8	4.1	0.42	
BR06-6	161	162	1	0.26	
BR06-6	162	163	1	0.23	
BR06-6	166.6	170.9	4.3	0.26	
BR06-6	256.5	257.4	0.9	0.51	
BR06-6	257.4	258.4	1	0.22	
BR06-6	259.4	260.4	1	1.36	
BR06-6	438.6	440.5	1.9	0.22	
BR06-6	460.1	464.4	4.3	0.28	
BR06-6	933.4	934.4	1	0.68	
BR06-6	1148	1148.4	0.4	0.26	
BR06-6	1155.8	1156.6	0.8	1.07	
BR06-6	1161.5	1165.5	4	0.28	
BR06-6	1547.5	1547.8	0.3	0.85	
BR06-7	111.2	115.3	4.1	0.33	
BR06-7	212	213	1	1.47	
BR06-7	213	214	1	3.22	
BR06-7	283.6	284.2	0.6	0.26	
BR06-7	288	288.5	0.5	1.11	
BR06-7	1092.6	1093.2	0.6	0.29	
BR06-7	1093.6	1094.2	0.6	0.34	
BR06-7	1094.2	1094.8	0.6	0.31	
BR06-7	1095	1096	1	0.37	
BR06-7	1096	1097	1	0.37	
BR06-7	1097	1097.5	0.5	0.21	
BR06-7	1124.8	1125	0.2	2.19	
BR06-7	1256.6	1257.6	1	2.3	
BR06-7	1257.6	1258.6	1	0.51	
BR06-7	1258.6	1259.6	1	0.48	
BR06-7	1259.6	1260.6	1	0.36	
BR06-7	1260.6	1261.6	1	0.37	
BR06-7	1262.6	1263.6	1	0.36	
BR06-7	1263.6	1264.6	1	0.32	
BR06-7	1264.6	1265.6	1	0.33	
BR06-7	1266.6	1267.6	1	0.34	
BR06-7	1268.6	1269.6	1	0.23	
BR06-7	1338.5	1339.5	1	0.29	
BR06-7	1383.1	1384.1	1	0.32	

*1 All samples with over 500 ppb (0.5gpt) Au were submitted for total metallic assay. All values less than 500ppb were converted to grams per ton from AA analysis in parts per billion.

EXPLORATION COMPLETED BY CYPRESS DEVELOPMENT CORP. and SKYHARBOUR RESOURCES LTD.

Work carried out in Feb. and March 2006 is covered in a report titled BROULAN REEF PROPERTY, MAGNETOMETER SURVEY AND DIAMOND DRILLING: RED LAKE AREA, ONT. MAY 23, 2006. This work included:

-Feb. March-2006 5 diamond drill holes (2437.1 m) (holes BR06-1 to BR06-5),

-a ground magnetometer survey consisting of 77 line kilometers of survey

This report covers work carried out between June 23 and Oct. 30, 2006.

This work consisted of two drill holes totaling 2991.7 meters.

DIAMOND DRILLING (Current)

Cypress Development Corp. undertook a diamond drilling program consisting of 2 drill holes totaling 2991.7 meters. The drilling was carried out between June 23 and Oct.30, 2006. Program costs and expenditures by claim are presented in Appendix I of this report. Appendix II contains diamond drill logs of the holes drilled. Appendix III contains all analytical and check sample results from the diamond drilling as well as certificates for standards used.

The author of this report supervised the drilling with drilling carried out by Rodren Drilling Ltd. of Winnipeg. All core was NQ. A summary of drill hole details is presented in Table 4. Figure 9 shows a detailed plan showing collars and surface projections of the holes.

All holes were surveyed using a down hole "Reflex- Sure Shot" tool. This tool measures drill hole azimuth using magnetic methods and dip by internal accelerometers. The survey results were used in plotting surface projections and cross sections.

The magnetic susceptibility of all drill core was measured with a magnetic susceptibility meter (Model KT-6 made by Geofyzka, a.s.). A reading from each row of core in each box was taken and the core was assigned the average of the readings and assigned to the core interval in the box. The readings and a graphic presentation are included in the diamond drill logs in Appendix II. This data is useful in establishing contacts between lithologies as well as some forms of alteration.

HOLE_I	Azimut	Dip	utm_E	utm_N	START	FINISH	LENGTH
D	h						М
			Nad 83 2	Zone 15			
BR06-6	85	65	441290	5656733	June 23/06	Aug. 25/06	1556.6
BR06-7	130	65	441290	5656733	Aug. 29/06	Oct.30/06	1435.1
						TOTAL	2991.7





FIGURE 9 DRILL HOLE LOCATIONS; Hole numbers for current program are highlited in yellow.

SAMPLING METHOD AND APPROACH (DIAMOND DRILLING)

All core was sampled. Unmineralized or unaltered core was sampled by taking a representative chip sample per box (4.3m). This was undertaken to obtain a larger picture of element distribution and effects of alteration. A total of 1308 core samples were taken and analysed.

A diamond saw was used to cut through sections containing sulfide mineralization, veining, alteration or shearing. The sample interval was generally selected along significant changes in mineralization, rock type, the presence or absence of veining or sulfides. In sections containing veining or mineralized with sulfides or shearing, samples were generally no more than 1 meter in length. TSL Laboratories reported that some samples 'exhibit gold nugget effect'. TSL was instructed to complete a "Total Metallic" assay of all samples with gold values over 500 ppb.

Drilling conditions and core recovery were excellent with 100% core recovery. Weathered rock was rarely encountered even in the very upper parts of the holes.

SAMPLE PREPARATION, ANALYSES AND SECURITY (DIAMOND DRILLING)

All drill core was logged and sampled at 23 Yonge St. in Red Lake. Core from the 2006 drilling is currently stored on mining claim KRL 1056834 in Heyson Township. The core is accessible by a short bush road off of Highway 105. Unmineralized and unaltered core was sampled by taking several representative pieces of core over 4 meter intervals. Mineralized or altered core was oriented and marked prior to cutting to preserve attitudes of geological features. The author marked the core intervals for sampling. It was then cut with a diamond saw and bagged. Sample numbers were written on the bags. Samples were sequentially numbered and made no reference to hole, meterage or length. Sample bags were rolled or folded then taped shut. Samples were shipped by bus to TSL Laboratories in Saskatoon in 20-liter plastic tubs. Tubs lids were wrapped with clear plastic packing tape.

All sample handling was performed by the author or employees of the author and in the presence of the author. No employee, director or associate of the issuer other than the author was present or involved in any way in the sample selection, preparation, handling, shipping or analysis of the samples. All samples remained in the secure custody of the author until delivered to a shipping agent. TSL Laboratories was instructed to advise the author should there appear to be any tampering with the samples prior to their arrival at the lab. TSL Laboratories was instructed to perform Atomic Absorption analysis for gold and a Total Metallic Fire Assay on all samples with over 500 parts per billion gold.

TSL Laboratories was instructed and did submit results electronically to the author and Mr. D. Huston of Cypress Development Corp. simultaneously.

TSL Laboratories was instructed to and did send original copies of results to the author and Mr. D. Huston.

The author believes the above measures were adequate to ensure reasonable security of samples and analytical results.

DATA VERIFICATION (DIAMOND DRILLING)

A total of 43 standards were submitted to TSL Laboratories with the samples. Typically a standard was inserted every 30 to 40 samples. TSL Labs was instructed to analyze them in sequence as any other sample. The standards contained six different gold values. The standards were certified as Gold Reference Material by Ore Research & Exploration Pty Ltd. of Bayswater, Australia. Appendix III contains copies of the Certificate of Analysis for the gold reference material used. Table 5 is a listing of results for standards used and results obtained by TSL Labs. A review of data in this table suggests analytical accuracy was acceptable throughout.

Sample No.	Standard	TSL Value	Certified	Certified
	No.	ppb	Value ppb	Value gpt
BR06-1083	2Pa	920	854	
BR06-1114	51P	480	430	
BR06-1146	4Pa	85	52	
BR06-1177	51P	500	430	
BR06-1208	52P	210	183	
BR06-1238	17Pb	2890		2.56
BR06-1268	52P	200	183	
BR06-1304	51P	480	430	
BR06-1370	17Pb	2610		2.56
BR06-1400	17Pb	2750		2.56
BR06-1430	17Pb	2690		2.56
BR06-1460	51P	480	430	
BR06-1490	52P	200	183	
BR06-1520	51P	500	430	
BR06-1556	4Pb	40	50	
BR06-1586	52P	180	183	
BR06-1616	4Pb	50	49	
BR06-1646	51P	480	430	
BR06-1676	51P	500	500	
BR06-1706	4Pb	50	49	
BR06-1736	51P	500	430	
BR06-1766	4Pb	55	49	

TABLE 5 RESULTS FROM ANALYSIS OF STANDARDS SUBMITTED WITH DRILL CORE

BR06-1796	51P	430	500	
BR06-1826	52P	190	183	
BR06-1856	52P	190	183	
BR06-1886	4Pb	50	49	
BR06-1916	4Pb	55	49	
BR06-1946	52P	220	183	
BR06-1976	52P	210	183	
BR06-2006	52P	210	183	
BR06-2036	51P	430	500	
BR06-2066	4Pb	55	49	
BR06-2096	51P	430	500	
BR06-2126	51P	430	500	
BR06-2156	4Pb	50	49	
BR06-2186	4Pb	50	49	
BR06-2216	4Pb	60	49	
BR06-2246	51P	430	500	
BR06-2276	4Pb	50	49	
BR06-2306	52P	180	183	
BR06-2336	4Pb	45	49	
BR06-2366	52P	260	183	
BR06-2396	4Pb	45	49	

The author believes the above measures and results obtained were adequate to ensure reasonable reliability of the data.

MINERALIZATION ON ADJACENT PROPERTY

Of some significance to the Broulan Reef project is exploration conducted by Premier Gold Mines Limited and Gold Eagle Mines Ltd. on adjoining properties.

Premier Gold Mines Limited reports on their web page that "Gold mineralization at Bonanza-Follansbee occurs along the main Red Lake mine trend within a major east-west shear/alteration zone, which is proximal to a contact phase between Bruce channel sediments and Balmer assemblage volcanics that contains ultramafic rock units. High-grade gold in the Red Lake greenstone belt is often found in high-strain zones in close proximity to ultramafic rock units". In addition "Recent deep drilling has intersected multiple zones of silicification and mineralization at depths of up to 500 metres. Step-out drilling to the southwest has intersected a new gold horizon, named the CP Zone, with intersections up to 20.28 grams per tonne (g/t) Au over 3.0m."

Gold Eagle Mines Ltd. report on their web site that "Drilling to date has delineated a very significant mineralized envelope, currently estimated to extend a minimum of 1,100 metres vertically and approximately 615 metres northeast– southwest and 450 metres northwest–southeast. Within the mineralized envelope are multiple high-grade structures and extensive gold-rich sulphide zones." It is believed these intercepts are from with Balmer Assemblage rocks lying beneath the Bruce Channel sediments.

Neither Premier Gold Mines nor Gold Eagle Mines Ltd. have or have had any relationship with Cypress Development Corp. or Skyharbour Resources Ltd. or this author. The author of this report has been unable to independently verify the information stated in the preceding paragraph.



FIGURE 10 SKETCH OF CONCEPTUAL LITHO-STRUCTURAL ZONE

The new discoveries by Premier and Gold Eagle Mines Ltd. leads to the generalized concept shown in Figure 10. Deposits are most likely to occur where permissive structures occur either within Bruce Channel sediments or underlying Balmer assemblage rocks.

Figure 11 shows this litho-structural zone as a straightened out longitudinal section to scale. Figure 11 is intended to show the location of known zones within the indicated litho-structural zone and the position of the Broulan Reef property. Although the lithological elements are somewhat understood, the controlling structural elements are unclear at this point. The presence of disconformities and possible intrusive rhyolites within the stratigraphy coupled with structural disruptions suggests the geology would be considerably more complex than shown.



FIGURE 11 LONGITUDINAL OF BRUCE CHANNEL LITHO-STUCTURAL ZONE; Prospective area in Balmer Assemblage rocks is shown. Points A and B are from Figure 16.

The above information relating to gold mineralization is not necessarily indicative of mineralization on the Broulan Reef property of Cypress Development Corp. and Skyharbour Resources Ltd. The information is provided here only to show that significant gold values have been reported in various settings on adjoining properties as well as the location and general nature of this mineralization.

DISCUSSION

It is evident from information on adjoining properties that there are two principle environments where significant gold deposit might be expected on the Broulan Reef property. These settings are shown in Figure 11 and are essentially as follows:

- structures within the Bruce Channel sediments
- structures within the Balmer assemblage.

Drilling on the Broulan Reef property has encountered gold values throughout the Bruce Channel sediments. These anomalous to elevated values appear related to certain beds within the sediments including iron formation units as well as within foliated and sheared zones within the sediments. Drilling on the property to date has not identified potentially economic targets in Bruce Channel rocks.

The presence of Balmer assemblage rocks underlying the Bruce Channel Sediments was established during the 2006 summer drill program. Balmer Assemblage rocks were encountered near the bottom of drill hole BR06-6. Dips within the Bruce Channel rocks on the west limb of the broad fold are approximately 45 degrees to the west. This shallow dip is also evident for the unconformity between the Bruce Channel and Balmer Assemblage using the intercept in hole BR06-6 and outcropping of Balmer Assemblage rocks to the northeast of the property.

The shallow dipping unconformity has very significant implications for the Broulan Reef property. Based on outcrop and known and inferred intercepts of the Balmer Assemblage below the Bruce Channel sediments, a model was constructed of this surface. This model is shown in Figure 12. In this figure the ground surface has an elevation of 310 meters above sea level. The Balmer Assemblage surface is largely an errosional surface. The elevation of this surface is shown as contours at 200-meter intervals. It is apparent that the Balmer will be shallowest in the eastern part of the property where it is projected to be as shallow as 910 meters below ground surface. The Balmer Assemblage is projected to be at a vertical depth of between 1300 meters and 2300 meters over most of the property. At these depths, targets in Balmer Assemblage rocks are within explorable and exploitable range over most of the property.



FIGURE 12 PERSPECTIVE VIEW OF DEPTH TO BALMER ASSEMBLAGE SURFACE; Balmer Assemblage shown as green surface. The property outline is shown at surface and projected on to Balmer Assemblage at depth. The volume between Balmer Assemblage rocks and surface is filled with Bruce Channel sediments and volcanics.



FIGURE 13 PERSPECTIVE VIEW OF DRILLING TO DATE; View is to northwest and shows extent of drilling to date. Only one hole (BR06-6) penetrated the Balmer Assemblage. All other holes tested Bruce Channel sediments only.

Figure 13 shows a perspective view of drilling on the Broulan Reef property to date. Only one hole has tested the Balmer Assemblage rocks. The drill was at the practical limit of its depth and near the property boundary when it was stopped.

A simplified view of the location and orientation of a major structural trend identified on the property is shown in Figure 14. The orientation of this structure and it's likely intercept trace with Balmer Assemblage rocks is based on drill hole data and vertical gradient magnetic data. This structure appears to align with a trend being drill tested on the Gold Eagle Mines property to the north.



FIGURE 14 PERSPECTIVE VIEW OF INTERPRETED STRUCTURE; Surface trace and trace on Balmer Assemblage rocks of near vertical structure shown as blue plane.

Figure 15 shows attitude of the top of a thick iron formation in the Bruce Channel sediments encountered over most of the property. The antiform nature is evident as well as the difference in dip between the unconformity at the top of the Balmer Assemblage and beds in the Bruce Channel sediments. Data to date suggests the fold nose on the property is broad and open and mimics the shape of the underlying unconformity.



FIGURE 15 BROAD OPEN FOLD IN IRON FORMATION; Fold in Iron formation and Bruce Channel sediments is evident from drilling to date.

CONCLUSIONS AND RECOMMENDATIONS

The following conclusions are based on the author's observations and evaluation of the data available and presented in this report:

- Diamond drilling in the summer of 2006 established that Balmer Assemblage rocks underlay much of the property. The inferred depth on the property is between 900 meters along the eastern margin of the property and 2000 meters in the western part of the property.
- These depths are within exploration and development range on this property.
- The Balmer Assemblage rocks beneath the Bruce Channel sediments represents a highly prospective setting with potential to host 'high-grade' gold mineralization similar to several mines and recent near-by

discoveries in the Balmer Assemblage rocks. General structural orientations indicate the structural trend being successfully tested by Gold Eagle Mines Ltd. continues on to the Broulan Reef property.

Based on the above conclusions, it is the author's opinion that there is significant potential for gold deposits within the Broulan Reef property. It is also the author's opinion that this potential warrants the following recommendations:

- Further exploration on the property should be directed at a north northeast trending structure within Balmer Assemblage rocks.
- Drilling of several holes from the eastern shore of the Bruce Channel should be considered to evaluate this target setting. The generalized location and attitude of these holes is shown in Figure 16.



FIGURE 16 PROPOSED DRILL HOLES GENERALIZED

- Wedging and drill hole surveying will be essential to hit the target area at the depths being proposed.
- Any primary hole should achieve a minimum depth of 2000 to 2500 meters.
- A minimum of 2 primary holes should be considered to test this target setting. Additional footage should be planned for possible wedging.

Costs associated with the above proposals are estimated and shown in Table 6. Given the proposed drilling depths, cost estimates are difficult to establish with any certainty.

TABLE 6 COST ESTIMATES FOR RECOMMEDED PROGRAM

Cost Item	Units	COST
Diamond drilling 2holes	9000m	\$2,700,000.00
(+WEDGES)		
Analytical 3000 sar	nples	\$ 75,000.00
Misc. Services & supplies		\$ 75,000.00
Consulting and Management		\$ 150,000.00
	TOTAL	\$3.000,000.00

REFERENCES AND SOURCES OF INFORMATION

Busch D. J. (May, 2002)

- An Evaluation of the McKenzie Gold Property; Red Lake Area, Ont. For: Cypress Development Corp. (Nov. 2002)
- Exploration Results Summer 2002, McKenzie Island Project; Red Lake Area; Ont.
 For Skyharbour Resources Ltd.
 (June, 2003)
- Diamond Drilling and Overburden Drilling, McKenzie Island Project Red Lake Area; Ont. For Skyharbour Resources Ltd. and Orco Gold Corporation (May 2004)
- Mapping KRL1192675; McKenzie Island; Red Lake Area; Ont. For
- Broulan Reef Property Diamond Drilling 2006 (May 23, 2006)

Cypress Development Corporation

2005 Diamond Drilling St. Paul's Bay Area; McKenzie Project for Cypress Development Corporation

Colvine A.C., Fyon J.A., Heather K.B., Marmont S., Smith P.M., Troop D.G. 1988 Archean Lode Gold Deposits in Ontario Ontario Geological Survey Mines and Minerals Division Miscellaneous Paper 139 1988

Colvine A.C., Andrews A.J., Cherry M.E., Durocher M.E., Fyon A.J., Lavigne, Jr M.J., Macdonald A.J., Marmont S., Poulsen K.H., Springer J.S., and Troop D.G.

An Integrated Model for the Origin of Archean Lode Gold Deposits Ontario Geological Survey Open File Report 5524 1984

Donaldson William S. 1987

Report on the Diamond Drilling Program on the Red Lake Area

Assessment Report for Pure Gold Resources Ltd.

Dighem Surveys & Processing Inc.

Magnetic and Electromagnetic Surveys McKenzie Island Property Dec. 1986 For Noramco Explorations Inc. Assessment Files Resident Geologists Office Red Lake

Gold Eagle Mines Ltd. Web site : http://www.goldeaglemines.com

Lewis William J.

April 16, 2006

Technical Report on the Gold Mineralization Found in the Bruce

Channel Zone and in the Western Discovery Zone, Gold Eagle Mine Property, Red Lake, Ont. For Southern Star Resources Ltd.

OGS 1978 Airborne Electromagnetic and Total Intensity Magnetic Survey, Red Lake Area, By Questor Surveys Limited

Ontario Geological Survey 1987

Open File Report 5558

Gold Occurrences, Prospects and Deposits of the Red Lake Area Volumes 1 and 2

Panagapko, D.A, Valade L., Harris J.R., Brown N., 2000, Preliminary Release of Geoscience Data, Red Lake Greenstone Belt, Northwestern Ontario, Ontario Geological Survey, Miscellaneous Release – Data 62, Geological Survey of Canada, Open File D3751 Parker J.R. Project Unit 98-002 OGS

Gold mineralization and Wall Rock Alteration in the Red Lake Greenstone Belt: A Regional Perspective

Premier Gold Mines Limited; Web site:

http://www.premiergoldmines.com/s/Home.asp

Rusk Steven N. 1986

Geological Report for the McKenzie Island / Slate Bay Property

Assessment Report for Pure Gold Resources Ltd.

Sanborn-Barrie M., Skulski T., Parker J.

Geological Survey of Canada Current Research 2001-C19 Three hundred million years of tectonic history recorded by the Red Lake greenstone belt, Ont.

Sanborn-Barrie, M., Skulski, T., and Parker, J. 2004: Geology, Red Lake greenstone belt, western Superior Province,Ontario; Geological Survey of Canada, Open File 4594,

Smith P.A 1986

Dighem III Survey of the McKenzie Island Property

Assessement Report for Noramco Explorations Inc.

Southern Star Resources Inc. 2006 Web site

Stott, G.M. and Corfu, F. 1991

Uchi Subprovince; Geology of Ontario, Ontario Geological Survey,

Special Volume 4, Part 1, p145-236.