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AFFIDAVIT OF ANNUAL ASSESSMENT LABOR

STATE OF COLORADO)
) SS.
CITY AND COUNTY OF DENVER)

The undersigned, being duly sworn, states:

1. At least $1,800.00 worth of labor, work and improvements were performed during the annual assessment year beginning at noon on September 1, 1986 and ending at noon on September 1, 1987 upon or for the benefit of certain unpatented lode mining claims comprising a contiguous group of claims (hereinafter the "Mining Claims") that are located in the County of Eureka, State of Nevada, and are more particularly described in Exhibit "A" which is attached hereto and by this reference made a part hereof.

2. The labor or improvements consisted of: A geological mapping and sampling program on the claims. Attached to this Affidavit as Exhibit "B", is a copy of the Report of such work, as required by Title 30, United States Code, Section 28-1. The work was performed on the ground by Transwestern Mining Company and its employee, Gary J. Desrochers on the following dates: October 26, 1986 through October 29, 1986, November 6, 1986 through November 8, 1986, November 12, 1986 through November 14, 1986 and November 19, 1986.

3. The persons/companies who performed the labor or improvements is identified as Gary J. Desrochers, Project Geologist with Transwestern Mining Company. A brief resume of his qualifications is attached hereto as Exhibit "C".

4. Said labor or improvements were made at the request and for the benefit of Aquarian Mining Exploration, Inc. and D.P. Ward, the owners of the claims and at the expense of Transwestern Mining Company as lessee under a certain Mining Lease dated October 28, 1986 with the owners of said Mining Claims.

5. The labor and improvements made and performed were performed for the benefit of the entire group of Mining Claims for the purpose of complying with the laws of the United States and the State of Nevada pertaining to annual assessment work and for the purpose of holding said Mining Claims.

Dated: 10/27/87

Signature of Affiant: _____
Stan Dempsey
President

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AFFIDAVIT OF ANNUAL ASSESSMENT LABOR
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STATE OF COLORADO)
)ss.
CITY AND COUNTY OF DENVER)

The foregoing Affidavit of Annual Assessment Labor was acknowledged before me this 27th day of October, 1987, by Stanley Dempsey, as President of Royal Kanaka Creek Corporation.

In witness whereof, I hereunto set my hand and official seal.

Notary Public

My commission expires: My Commission expires June 8, 1991

KAY.AOL.2

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EXHIBIT A

Name of Claim	Eureka County Records Book/Page	NMC Nos.
Kay 1	145/438	369295
Kay 2	145/439	369296
Kay 3	145/440	369297
Kay 4	145/441	369298
Kay 5	145/442	369299
Kay 6	145/443	369300
Kay 7	145/444	369301
Kay 8	145/445	369302
Kay 9	145/446	369303
Kay 10	145/447	369304
Kay 11	145/448	369305
Kay 12	145/449	369306
Kay 13	145/450	369307
Kay 14	145/451	369308
Kay 15	145/452	369309
Kay 16	145/453	369310
Kay 17	145/454	369311
Kay 18	145/455	369312

KAY.1-18

EXHIBIT B

REPORT ON

THE CRESCENT PROJECT

EUREKA COUNTY, NEVADA

by
Gary J. Desrochers
December 16, 1986

Transwestern Mining Company
Reno, Nevada

LOCATION AND ACCESS

The Crescent Project consists of two separate properties located in sections 26 and 34 of T32N, R49E (Bob Creek) and section 6 of T31N, R49E (Red Devil Mercury Mine). The Bob Creek property is located approximately 4 miles E-NE of the town of Beowawe while the Red Devil Mine property is located less than 1 mile SW of Beowawe.

Access for both properties is by good gravel road from the Crescent Valley Highway.

LAND STATUS

At the Bob Creek property, 18 claims in section 26 were leased from Aquarian Mining Company, P.O. Box 67, Crescent Valley, Nevada. An additional 31 claims were staked by Transwestern in sections 26 and 34. At the Red Devil Mine, 10 claims were staked by Transwestern in section 6 on limited locatable ground.

BOB CREEK GEOLOGY

Stratigraphy and Alteration

Three distinct lithologic units underlie the Bob Creek property. They are from youngest to oldest: Tertiary volcanics; Penn.-Perm. "Overlap Assemblage" rocks; and western facies, engeosynclinal sediments of the Ordovician Vinini Formation.

The Tertiary volcanics occur predominantly as basaltic andesite and andesitic flows and minor pyroclastic rhyolite. The andesites are dark-colored and equigranular. Around the trench area, the andesite exhibits varying degrees of propylitic/argillic alteration. The rhyolite is moderately- to non-welded, fresh, and generally crystal-poor. A young, ash/fresh-water limestone unit is included in the Tertiary section.

The "Overlap Assemblage" here consists of interbedded dolomites, chert-pebble conglomerates, and fine-grained clastics which strike roughly N-S and dip an average of 55° to the east. Dolomite varies from thin-bedded dolomitic sandstone to thick-bedded fine-grained dolomite. The conglomerate consists of green to black rounded chert pebbles in a sandy, calcareous cement. Both the dolomite and conglomerate are moderately to intensely silicified locally. Silicified conglomerate can also exhibit a strong petroliferous odor in places when broken. The clastic unit consists of fine-grained sandstone, siltstone, and shale. Outcrop exposures of this unit are limited.

These "Overlap" rocks rest unconformably on the Vinini Formation. In the northern portion of the map area, the Vinini consists almost entirely of dark grey to black chert. In the

southwest portion of the map area, the Vinini is comprised of a complex sequence of interbedded and/or structurally interleaved chert, quartzite, sandstone, calcareous sandstone and limestone. Alteration and mineralization in the Vinini is minimal.

Structure

The most prominent structures recognized in the map area are a sequence of high-angle reverse faults which repeat the "Overlap" lithologies in places; and, a NE-trending structure which cuts andesite in the trench area and appears to localize ore-grade gold mineralization in several small prospect pits.

Geochemistry

Approximately 19% of the nearly 250 samples collected in the project area contained detectable or higher concentrations of gold (high of 2.49 ppm). A higher percentage contained anomalous concentrations of one or more trace elements (As, Sb, Hg).

Three prospect pits in the trench area exposed sheared, argillized, and Fe-stained andesite that contained 1 ppm or higher gold values. Ten foot composite sampling of subsequent trenches adjacent to the prospect pits could not duplicate these ore grade gold values. The highest 10' composite ran .680 ppm gold. Hence, ore-grade gold values appear restricted to thinner shear zones and do not extend very far laterally into the andesitic wallrocks. The highest gold value encountered in "Overlap" rocks ran .600 ppm from silicified conglomerate.

Geologic Target

Bulk-tonnage, disseminated gold mineralization in the reactive "Overlap Assemblage" beneath volcanic cover.

EXHIBIT C

GARY J. DESROCHERS

Gary J. Desrochers is a professional geologist and worked as a Project Geologist with Transwestern Mining Company from June, 1986 through December, 1986.

Mr. Desrochers earned a B.S. degree in Geology from the University of Maine in Farmington, ME in 1980 and completed an M.S. degree in Geology from the University of Nevada in Reno, NV in 1984.

Mr. Desrochers has worked for seven years as a geologist in the mining industry. His employers have included Inspiration Mines, Inc., Pegasus Gold Corporation, Noranda Exploration, Inc., and Gulf Mineral Resources.

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Royal Gold Exp.
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OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. 113540
FEE $ 31.50