GEOLOGIC REPORT MLM - TAMARACK

SUMMARY REPORT ON THE

TAMARACK MINE PROPERTY

SHERIDAN, MONTANA, U.S.A.

UNDER THE GUIDELINES OF NATIONAL INSTRUMENT 43-101

prepared for

MILLSTREAM MINES LTD. 4 KING STREET, WEST SUITE 1320 TORONTO, ONTARIO, CANADA M5H 1B6

by

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TABLE OF CONTENTS

ITEMS	PAGE	
SUMMARY	3	
INTRODUCTION	4	
SOURCE OF INFORMATION	4	
PROPERTY DESCRIPTION AND LOCATION	4	
ACCESS, TOPOGRAPHY AND VEGATATION	5	
JOINT VENTURE	5	
HISTORY	5	
PROPERTY INFRASTRUCTURE	8	
GEOLOGICAL SETTING	9	
REGIONAL AND LOCAL GEOLOGY AND MINERALIZATION	9	
PROPERTY GEOLOGY AND MINERALIZATION	10	
UNDERGROUND GEOLOGY	11	
EXPLORATION	12	
CONCLUSION	14	
RECOMMENDATIONS AND BUDGETS	16	
REFERENCES	17	
CERTIFICATE	18	
MAP – SHERIDAN MINING DISTRICT & TAMARACK MINE	20	
MAP – TAMARACK MINING CLAIMS	21	
MAP - TAMARACK UNDERGROUND COMPOSITE PAST	22	
MAP – TOPO SHOWING LOCATION OF TAMARACK MINE SITE	23	
MAP – GROUND MAGNETICS 2007	24	
MAP – GEOLOGICAL SKETCH SHERIDAN & TIDAL WAVE DISTRICTS	25	

Summary

Millstream Mines Ltd. acquired a direct interest in the Tamarack Gold Property within a region termed the Sheridan Mining District on the western flank of the Tobacco Root Mountains, Madison County, Montana, U.S.A. The Tamarack Property consist of six (6) Patented mining claims; two (2) Placer claims and one (1) staked Lode claim all tied together to form a contiguous land mass.

The location of the Tamarack Gold Property is approximately four (4) miles northeast of the town of Sheridan, Montana located in the low rolling foothills of the Tabacco Root Mountains. Travel on a county maintained paved and gravel road from Sheridan to the historic mining camp of Brandon, turning north for about one (1) mile from Brandon via a good graded dirt road to the Tamarack mine and mill site. The dirt road can be kept open all winter with a minimum of maintenance.

The Tamarack Gold Property is favourably located with small scaled mining having existed in numerous surrounding areas, in addition to the famous Butte mines of Anaconda and the Golden Sunlight mine of Barrick Gold all within a 60 mile radius from Sheridan. The area has a mining history and tradition with qualified labour availability and supply houses in the city of Butte about 55 miles north by way of State Highway 287/41 and US Highway 10.

The Tamarack Gold Property has been explored since the 1860's with intermittent small scale production starting in 1875 to current times.

Better target models for exploration and deep search geophysical systems can be utilized to identify and direct the exploration and exploitation programs. The current geophysics surveys have identified potential targets that are being investigated with underground development. Metallurgical mill runs are being conducted through the site facilities to establish the parameters for continuous production under the guidelines of the Montana Small Mines Exclusion (SME) authorization.

The Tamarack Gold Property is, in my opinion, an attractive project with good potential for a small high grade gold mine. Continued underground exploration, development and other test work is required to define the extent, grade, size and metallurgical characteristics of a continuous mineable mineralized gold deposit.

Introduction

Millstream Mines Ltd. requested Philip A. R. Brown, P. Geo. to prepare a report to comply with the guidelines of National Instrument 43-101 on their Tamarack Gold Property in Sheridan Mining District, Madison County, Montana, U.S.A., pursuant to the rules of the TSX-Ventures Exchange. Philip Brown has examined the property and carried out geological/geophysical investigations and reviews over the past four (4) years and is recognized as a Qualified Person (QP) as defined by NI 43-101.

Millstream Mines Ltd. is incorporated under the rules and regulations of the Province of New Brunswick, Canada. Millstream's registered office is at 4 king Street West, Suite 1320, Toronto, Ontario, Canada M5H 1B6.

The Tamarack Property consist of six (6) Patented mining claims; two (2) Placer claims and one (1) staked Lode claim all tied together to form a contiguous land mass and Millstream Mines Ltd. is the beneficial owner of a 100% undivided interest as more fully described below.

Source of Information

In preparing my report on the Tamarack Gold Property I have relied on information provided by Millstream Mines Ltd., my personal files, public domain publications and other governmental publications. I have seen documentation confirming that all recording and assessments are current and that there are no liens on the property.

Property Description and Locations

The Tamarack Gold Property consist of six (6) Patented mining claims; two (2) Placer claims and one (1) staked Lode claim all tied together to form a contiguous land mass located in the Sheridan Mining District, Madison County, State of Montana, U.S.A. The recorded claim names and numbers are as follows:

Patented Claims:	Broadgauge, Tamarack, Tamarack No. 2, Tamarack No. 4, Tamarack No. 5, and Uncle Sam.	
Placer Claims:	Millstream Placer – BLM Serial No. MTMMC 206297 Millstream Placer #4 – BLM Serial No. MTMMC 206298	
Staked Lode Claim:	Millstream Lode - BLM Serial No. MTMMC 206301	

Millstream Mines Ltd. is the beneficial owner of the claims and the Patented claims bear a 0.5% net smelter return (NSR) royalty exclusively on the gold production

from mining of the property. Millstream has the exclusive right to purchase the NSR royalty for a payment of US\$400,000.

The Tamarack Gold Property is located approximately four (4) miles northeast of the town of Sheridan, Montana, U.S.A., located in the low rolling foothills of the Tabacco Root Mountains.

The Bureau of Land Management (BLM) is the manager of the land surrounding the Tamarack-Broadgauge patented claims.

Access, Topography and Vegatation

Access is via the Mill Creek road east from Sheridan for 3 miles on a county maintained paved and gravel road to the historic mining camp of Brandon, then turning north for about one (1) mile from Brandon via a good graded dirt road in the Sheridan Mining District.

Lorain (1937) used the term Sheridan district to refer to a complex of gold mines scattered throughout the region east of the town of Sheridan. The Sheridan district, covering approximately 60 square miles, is on the western flank of the Tobacco Root Mountains, Madison County, Montana, U.S.A.

The Tamarack Gold Property area is characterized by gentle to moderate terrain, with the highest point within the Tamarack claim group near 6,600 feet in elevation. Evergreen trees are sparse; the dominant vegetation is sagebrush and grasses. The annual precipitation for the area averages about 10 inches. The climate is semi-arid. Summer temperatures are warm with cool nights. Thunderstorms are frequent in the higher mountains. The winters are cold, relatively short being 2 to 3 months but snowfall is moderate except in the higher mountains where four to seven feet of snow may be expected.

Joint Venture

Millstream Mines Ltd. purchase a 50.5% interest in the Tamarack Gold Property in 1998 and carried out various inspections and investigations and in May 2007 Millstream purchased the remaining 49.5% interest to gain a 100% interest in the property.

History and Previous Work

The history of the area extends back to the 1860's and consequently the land ownership is complex, claims having been located and/or patented and then passed on to new owners. The property's known history is briefly summarized as follows: <u>1860's</u> - Cissler and Zinn, former Colorado miners, develop placer mine on Spring Gulch, eventually work their way up a tributary to the site of what is now the Tamarack-Broadgauge mine.

<u>1875</u> - Cissler and Zinn erect a mill at Brandon to treat ore - "an ochre colored earth found evenly deposited upon a hillside, from where it is removed with pick and shovel. The average yield does not exceed \$7.00 per ton, but the ore is so easily worked that the mine pays monthly dividends".

<u>1875 - 1905</u> - Intermittent operation of mill processing surface; some bedrock excavated and milled.

<u>1875</u> - Broadgauge claim patented.

<u>Through 1888</u>, the Broadgauge mine produced approximately 20,000 tons of \$8 ore.

<u>1892</u> - Broadgauge mine bought by Henry Elling, a pioneer banker in Virginia City.

<u>1903</u> - Frank Penn acquires Tamarack and Uncle Sam claims; drives tunnel into the side of the gulch below what is now the 100 level tunnel; ships some ore.

1913 - Rochl brothers acquire Tamarack and Uncle Sam claims; reopen and extend an old crosscut tunnel; cut Tamarack #1 vein and drift 260 feet east; sink incline winze #1 for 45' to what is now the 200 level, then drive east and west and stope considerable ore, later go to 500 level and drift 300 feet west in the Tamarack #1 vein, erect mill on the property.

1917 - Tamarack Mining Company - Otto Schoenfeld, manager acquires Tamarack and Uncle Sam claims and later, 1919, also the Broadqauqe claims; goes northeast on the 300 level and is flooded out, resulting in electrical lines being brought in from Sheridan; drives lower tunnel (400 level), and at 770 feet in cut an unknown vein, the Tamarack #2 vein.

<u>1925</u> - Alexander Leggat, mining engineer from Butte visits property for first time.

<u>1926</u> - Schoenfeld dies, Malcom Bowden manages the mine and mill for several months.

<u>1927</u> - Closed down most of year, Leggat takes property option late in year.

<u>1929</u> - Leggat and friends buy property.

<u>1930</u> - Leggat's company struggling financially.

<u>1937</u> - Val Dietz takes over property after court decision; production by Leqqat unknown.

<u>1937-1944</u> - Mine during week, run mill on weekends.

<u>1944-1958</u> - No mining.

<u>1958</u> - Jim Tolson takes an option on the property.

<u>1960</u> - Tolson opens up 400 level, builds new drift around several caved areas.

<u>1960-1963</u> - Tolson runs mill intermittenly from surface mining of 3,000 tons.

1963-1971 - No activity.

<u>1971-1974</u> - Property is leased to Bob Holiday - works underground, but production unknown.

1975 - According to Strohm and Weist (1975), the production totals from 1890 to 1935 were 15,000 ounces of gold and 1,000 ounces of silver recovered from approximately 20,000 tons of ore. Lorain (1937) credits the mine with \$200,000 from the early days. Exact production totals since 1935 are unknown at this time. Previous work within the Sheridan district has been fairly generalized. Cope (1888), Winchell (1914), and Lorain (1937) published reports describing some of the mines within the area. Tansley, Shafer; and Hart (1933) conducted a reconnaissance survey of the Tobacco Root mountains. Their geologic map delineates several prominent marble beds exposed throughout the Sheridan district. Leggat (1937) spent several years in the Tamarack mine as a mining engineer. He described several of the now inaccessible portions of the underground mine geology. According to Burger (1967), Levandowski (1956) mapped an area of 3 to 4 miles wide extending from the southern limit of the Sheridan district southward to the town of Alder. Apparently this strip of mapping is parallel to the major geologic structure within the area and does not reveal much lateral detail of the overall structural patterns. Reid (1957) mapped a considerable area of Pony and Cherry creek metamorphic rocks in the northern Tobacco Root mountains, but described none of the mines in the region. Johns (1961) has mapped the geology of, and described many of the prospects and ore deposits in the Southern Tidal Wave Mining District which adjoins the Sheridan District to the north. Burger (1967) mapped the geology of the Sheridan District and visited several of the mines in the district. He devoted one paragraph to describing the Tamarack-Broadgauge group of claims. Burger's report is believed to be the last published report with any kind of description of the Tamarack-Broadgauge group of claims.

<u>1981-1983</u> - Surface benching, dozer cuts, backhoe work performed by Tolson.

<u>1984-1985</u> - Mr. Tolson, who lived in Sheridan, remained as the property and claim holder of the Tamarack claims group. Property examined by Wayne Lease for Montex Industries Corporation, surface and underground sampling conducted by Whitney & Whitney concluding open pit possibilities. Property also examined by Utah International conducted surface and limited underground work. Claims staked by Utah surround Tamarack claims.

<u>1986-current</u> - Goldfield Mining Corporation investigates in the early 1990's the property in search of a potential large open pit gold operation. In Goldfield' s investigation they drill 11 reverse circulation (RC) holes with reported assays and concluded that the property did not meet their criteria. The property was purchased by an Illinois partnership, Tamarack Mining Company, and later sold to an individual Mr. Kenneth Hamilton in 1995. Hamilton proceeded to construct a new mill based on the assumption that a small open pit could be operated and recovery would be enhanced utilizing a hammer type milling system to process 100tpd. Unfortunately, Hamilton was not successful and sold 50.5 % of the property and assets in 1998 to Millstream Mines. The property, infrastructure and plants were assessed with the intentions of exploring for a small underground highgrade operation. Goldfield's earlier drilling results of their hole "TR-2" reported assays of 0.244 oz gold per ton over a 100 ft. interval. In 2004 Millstream core drilled an HQ hole (DDH04-01) approximately, 35 feet southwest of TR-2 alleged location and intersected a 9 ft interval assaying 0.36 oz gold per ton. A surface decline was collared on an exposed vein and followed downward at approximately -15%, and successfully located underground DDH04-01 confirming highgrade gold mineralization. The original gravity-flotation mill has been rehabilitated and modified to process 4 to 5 tons per hour and the underground decline and exploration has progressed. Millstream purchased in 2007 the remaining 49.5% interest to beneficially own 100% with Hamilton retaining a 0.5% net smelter return (NSR) royalty on the gold recovered from the mining of the property. Millstream has the first right of refusal to purchase the 0.5% NSR royalty for a cash payment of US\$400,000. Geologic reviews, geophysic surveys and underground exploration and excavations of the gold mineralization continue to date with excavated mineralized materials stockpiled on surface. The stockpile materials are crushing and milled as bulk samples for metallurigal assessments and recovery.

Property Infrastructure

County maintained paved and gravel road from Sheridan to the Tamarack mine and mill site. Access can be kept open all winter with a minimum of maintenance.

Power lines are available to the property complete with substation for distribution on the site. If more power is required in the future, additional or replaced transformers would be needed. This decision will be a function of how much power will be required should the facilities be expanded.

The primary crushing plant consist of a rock grizzly, storage bin, jaw crusher, set of rolls and conveyors with sufficient capacity to efficiently and economically process a moderate sized orebody which might be present at the Tamarack.

The mill that existed on the property has been upgraded, and is in excellent condition utilizing elements of both gravity concentration and flotation and capable of 4 to 5 tons per hour processing capacity. Necessary wells have been drilled to provide an adequate steady source of water for the facilities and processing plant.

Tailings disposal area is established and environmentally approved.

Undergound access to the past workings is available in addition to the current decline being driven.

Building exist consisting of office space, repair garage and assay laboratory.

Mining supplies such as rail, timber, heavy equipment, etc., are all available in the city of Butte.

It is not anticipated that a fully permitted mining operation at the Tamarack area will be hindered by any unusual environmental constraints. The Tamarack has a long history and is not a pristine, undisturbed area. It is anticipated that few problems will be encountered in advancing from the current Small Mines Exclusion production status to a fully permitted production status.

GEOLOGICAL SETTING

Regional and Local Geology and Mineralization

The exposed bedrock in the Sheridan district consists of a precambrian metamorphic complex and late Tertiary quartz-monzonite intrusive stocks, with local minor dikes of andesite, rhyolite and aplite, and basalt flows.

The exposed metamorphic complex is part of the Cherry Creek series and represents the host for the previously mined ore bodies at the Tamarack and Broadgauge mines. Burger (1967) divided this metamorphic complex into the following major units: quartzo-feldspathic gneiss assemblage, amphibolite-hornblende gneiss assemblage, anthophyllite gneiss assemblage, intermediate gneiss assemblage, and marble. Detailed study by Burger (1967) of 150 thin sections, 23 modal analyses, and 24 chemical analyses indicates that these metamorphic rock assemblages were derived from a 9,000 foot sequence of graywacke, clay-rich sandstone, sandstone, calcareous shale, dolomitic limestone interbedded with chert or pure sandstone, basic sills and flows, and ultrabasic intrusive bodies.

Mapping by Burger (1967) delineated a series of slightly overturned, isoclinal antiforms and synforms, which plunge N10°E and dip 24°NW.

In the southern part of the district the hornblende-granulite subfacies rank of metamorphism was locally obtained. Temperature of metamorphism is estimated to have been 600°C: depth of burial, based on structural evidence, approached eight miles. Metamorphic rank decreases to the north.

Joint systems within the Sheridan district are a result of both precambrian and Laramide deformations. Dominant, nearly vertical, joint planes having average trends of N75°W, N45°W, N2°E, and N65°E are believed to have originated in the Precambrian. These dominant basement fracture systems probably controlled the

intrusion of the Tobacco Root batholith and the orientations of the Noble, Booth, and Parson faults, which are all associated with the Laramide orogeny.

Later Tertiary intrusive stocks of quartz-monzonite and quartz-monzonite porphyry are associated with widespread mineralization. Mineralization was controlled by the contact of stocks with marble beds and by existing fracture systems. Major veins especially favored a N30°E fracture trend.

Property Geology and Mineralization

The Tamarack mine is a mesothermal gold-silver property (with minor lead, zinc, and copper values) located near Sheridan, Montana. Reported *g*eological mapping by Whitney & Whitney for Montex (1984) indicates that a portion of Burger's metamorphic complex is present in and around the old mine workings. These are, in order of ascending age, quartzo-feldspathic gneiss, marble, and amphibolite-hornblende gneiss. The Tertiary quartz monzonite outcrops on the property and a felsic dike is present within the old open pit mine benches.

The quartzo-feldspathic gneiss is believed to be the oldest rock exposed in the mine area. Most of the exposures mapped are 1,000 to 2,000 feet west to southwest of the Tamarack-Broadgauge mine. Several prospects occur within the quartzo-feldspathic gneiss, but they are located on Kelly Hill, well away from the Tamarack claim group. This rock unit is predominantly composed of quartz, feldspars, biotite, and locally hornblende and garnet. It is predominantly a medium grained, equigranular rock commonly showing well developed gneissic banding.

The marble is believed to be the next oldest rock unit within the area. The thickness of the marble is unknown, but Burger (1967) believes that it averages 300 feet. Where unaltered, the marble is a medium to coarse grained, gray to light tan rock. Where it has been altered along shears, faults, or dikes it is commonly light tan to dirty brown in color. The matrix is normally limonite stained. No matter how strongly altered the marble has become calcite rhombohedrons can usually be seen within the altered matrix.

Montex (1984) point out from field observations as one gets closer to the overlying amphibolite-hornblende gneiss, there is a persistent zone of interbedded lenses of fine grained, often rusty colored, quartz-biotite schists. It is within this upper zone, in the marble, (the "transition zone"), that many of the old surface prospect pits and adits have been driven. This thinly interbedded zone of sheared, bleached, limonitic and often chloritic schist, and marble is well exposed in and around the 100 level portal and the benched area to the east. It is also within this transition zone that many of the so-called "veins" of white to green, occasionally quartzose and chloritic clay occur. It is believed that these "veins" are shear zones showing strong argillic alteration that have developed along the thin, incompetent schist beds interbedded within the marble.

The oldest Precambrian gneiss assemblage present in the area is the amphibolitehornblende gneiss. Colors and textures vary. This unit varies from a coarsegrained, totally dark-colored amphibolite, to a fine grained, salt and pepper colored rock with weak gneissic banding. Locally, clots of red qarnet approach 10% of the total rock. There is no known mineralization occurring in this amphibolitehornblende gneiss rock unit within the Sheridan district, and it is referenced as a mafic gneiss.

The Tertiary stock-like mass of quartz monzonite is a gray, fine grained, equigranular rock composed of quartz, feldspars, biotite, hornblende, chlorite and magnetite. In several outcrops it is a salt and pepper colored rock and would appear to be a diorite compositionally. According to Burger (1967), injection of the stocks was partly by forceful mechanisms and the intrusive bodies exhibit a brecciated border phase consisting of angular fragments of metamorphic rock in a matrix of quartz monzonite.

According to Lorain (1937) the ore bodies occupy replacement zones within the marble layers adjacent to the intrusive masses. All the ore is completely oxidized. The major fracture systems are the Broadgauge (striking N30°E, and dipping 45°NW) and the Tamarack (striking E-W, and dipping 35°N). The E-W fracture trends do not seem to be related to any regional trend, but the N30°E trend obviously is. According to Montex (1984) most of the shears mapped along the roads and benches exhibit this northeast trend, as does the jointing mapped underground in the 400 level tunnel. Most of the so-called "veins" mined underground cannot be located on the surface, but this is the result of extreme surface disturbance (benching, trenching, etc.), and the unlikely possibility of a clay "vein" outcrop not eroding away. One vein could be traced on the surface for over one half mile. This is the so-called "contact vein" cut in the 100 level tunnel and exposed by many surface pits and cuts. It is a major shear zone containing discontinuous, massive white, limonite stained quartz that is often vuqqy, brecciated and is locally pyretic. Galena was sampled from several of the old workings. This "contact vein" structure trends east to west, dips 30 to 40 degrees to the north and appears to be a bedding plane feature. Other narrow zones of jasperoid were mapped and sampled within the transition zone and a few were even found within the unaltered marble.

Underground Geology

The past underground excavation has been worked from six levels, starting at the 100 or "upper" level tunnel and extending downward to the 600 level. The levels are not 100 feet apart in elevation, some being separated by only 20 or 30 feet. The vertical difference in elevation between the 100 level and the 600 level is about 230 feet.

It is believed that most of the underground production has been from stopes on the 100 and 400 levels, with most of the stope production coming from clay filled shear zones. Access to three levels (100, 400, 500) was achieved by Whitney & Whitney staff and they report "the 400 and 500 levels were geologically mapped and sampled. A small portion of the 100 level was accessible, only a portion of this level could be seen, this being a portion of the 101 drift from just east of the main haulage way (100 drift) to just east of the connection with Winze #1. A short trip underground was made to check Leggat's geology map, but no samples were taken. The 600 level was flooded and inaccessible. It is possible that the 200 and 300 levels may be reached by putting ladders up from the 400 level, but this has not been done to date.

Stoping and drifting was done in what Leggat (1937) called the Tamarack #1 Vein. This "vein" is another white to green clay, limonite stained shear zone. Leggat (1937) reported that the Tamarack #1 vein is, or is marked by, a sill of hornblendite which has been altered to soft green, chlorite greenstone - soft "picking ground".

Access to the 400 level is by portal, the drift being generally in very good condition. The first 600 feet of drift from the portal cuts predominantly hard, gray, coarse grained marble. Some massive ochre-colored jasperoid is noted locally in the back, but it appeared to be associated with low angle structures. The main feature of note in this first part of the 400 level is the very pronounced N30°E jointing, the same as Burger (1967) discussed as being a strong regional trend. Six hundred-seventy feet from the entrance, the drift forks. After short distances, both forks are following "veins" of white to green, often chloritic and limonite stained clay. Numerous small shears and faults are shown to vary from 1/4 inch or less to over 2 feet in thickness. These "veins" pinch and swell considerably over a short distance and there are a large number of vein structures.

The host rock enclosing the major veins mined to date is a light gray to tan, predominantly argillically altered marble similar to what is seen on the surface in the transition zone. Locally the marble is cut by thin veins of quartz and sometimes pyrite, but these apparently do not carry economic gold concentrations. Locally the marble is white and hard, usually near a structural feature.

Exploration

The property has been worked by numerous individuals and companies for gold deposits over the past 140 years. Work has included pits, trenching, underground excavation, drilling, geological surveys and geophysics. The underground has been explored and exploited from six levels, starting at the 100 or "upper" level tunnel and extending downward to the 600 level. The vertical difference in elevation between the 100 level and the 600 level is about 230 feet. The bulk of the work was concentrated in the east-west fissure veins enclosed in a light gray to tan, predominantly argillically altered marble.

Montex (1984) reports access to three levels (100, 400, 500) was achieved by Whitney & Whitney Inc. staff. The 400 and 500 levels were geologically mapped and sampled. A small portion of the 100 level was accessible and the 600 level was flooded and inaccessible. It is possible that the 200 and 300 levels may be

reached by putting ladders up from the 400 level, but this has not been done to date. Current investigation has been limited to the 400 level.

In 1991 Goldfields Mining Corporation drilled 11 reverse circulation (RC) holes designated as TR-1 to TR-11 investigating the potential for a large bulk (open pit) mineable gold deposit. Of primary interest are reported sampled intersections in holes; TR-2 from 50 feet to 150 feet assayed 0.244 gold opt (ounces per ton), TR-4 from 190 feet to 200 feet assayed 0.504 gold opt, and TR-9 from 265 feet to 280 feet assayed 0.674 gold opt corresponding to a 20 ft. interval in TR-2 from 70 feet to 90 feet assaying 0.97 gold opt. Geologist Cam Cheriton, PhD, qualified person per NI-43-101, interpreted these gold intersections as part of an enriched (blanket) zone requiring follow-up investigation.

In 2005–2007 Phil A. Brown, P.Geo., gualified person per NI 43-101, visited the property investigating the geology and structures controlling the deposition of gold mineralization. A surface decline was collared and driven at -15% in the direction of the TR-2 and DDH04-01 holes, to access and further delineate the ore producing potential of the discovered gold bearing structure indicated by Cheriton. A branch drift off the decline successfully located DDH04-01 underground and exposed a rich gold mineralized zone appearing to strike NE-SW and dipping west. The branch drift was reported as being consistently mineralized with channel samples taken at various locations assaying 10.84 gold opt over 7 feet, 0.45 gold opt over 8 feet, and 0.50 gold opt over 1.2 feet. The decline continued downward in a spiral path designed to intersect at depth this rich gold zone intersected a 3 foot wide Lead-Zinc vein striking NE-SW (parallel to the gold zone) but dipping east, yielding assay results from a 2 foot horizontal channel sample of 29.88% lead per ton and 19.42 silver opt. The Lead-Zinc vein footwall contacts a fault dipping east laying against a porphyry. The decline continued through the fault and porphyry encountering a rich gold bearing zone striking NE-SW, dipping west. The start of this gold zone is approximately 27 feet below and 40 feet east of the gold zone located by DDH04-01. A panel 10ft. high by 10ft. wide was sampled cutting channels at 1 foot intervals on the face from top to bottom returned a composite sample assay of 0.758 gold opt and 0.48 silver opt. It was decided to continue excavating through the gold zone as a horizontal branch drift and continue the decline downward on the Lead-Zinc vein on the east side of the porphyry. By the end of 2007 the rich gold zone has been exposed for a horizontal distance of 15 feet crossing the strike. It remains yet to establish if the two (2) rich gold zones are connected or separate zones.

During this period the mill has been refurbished and upgraded with the capacity to treat 100 tons per day. The tailings pond is completed with environmental approval and reclamation bond established. Low grade mill feed material has been processed to line the circuit and allow the start of bulk sample metallurgical recovery testing.

In 2008 to current a ground magnetic geophysics surveys over the property was completed and identified six (6) potential targets. The underground decline and branch drifts are currently exploring in and around the smallest surveyed magnetic target area with encouraging results. The rich gold zone has been exposed for a horizontal distance of approximately 50 feet in gold bearing material crossing the strike and yet to reach the west contact. The decline on the Lead-Zinc vein after advancing 12 feet in a southerly direction showed a 2 foot wide section of fault gauge material laying against the right side (footwall) of the Lead-zinc vein returned assays of 0.308 gold opt, 0.24 silver opt, 0.069% lead and 0.203% zinc. The decline on the Lead-Zinc vein currently has advance 35 feet and a crosscut drift to the left (west) has been started with the intentions to pass through the porphyry to investigate and identify the rich gold zone on the west side of the porphyry.

The mill has completed the tune-up phase and is now running on a single shift with a throughput capacity of 30 to 40 tons per day processing the surface stockpiles of excavated material that assays 0.3 to 0.4 gold opt. Experiments, adjustments and metallurgical analyses continue on a routine basis to refine the percentage recovery of the gold before scaling up to 100 tons per day throughput. The primary crushing facility is subject to adverse weather conditions that impede continual running.

Conclusion

Until recently, the Tamarack property has been sporadically worked over the past 125 years primarily in the East-West striking fissure veins enclosed in a light gray to tan, predominantly argillically altered marble. In 2004 Millstream core drilled hole DDH04-01 from surface approximately 35 feet southwest of the assumed location of Goldfield's TR-2 hole to test the gold bearing horizons reported by Goldfield. DDH04-01 intersected 9 feet assaying 0.36 gold opt from 102 feet to 111 feet down hole. In 2006 surface decline was collared and driven eastward at – 15% in the direction of the TR-2 and DDH04-01 holes. A branch drift off the decline successfully located DDH04-01 underground and exposed a rich gold mineralized zone appearing to strike NE-SW and dipping west. The branch drift being consistently mineralized with channel samples taken at various locations assaying 10.84 gold opt over 7 feet, 0.45 gold opt over 8 feet, and 0.50 gold opt over 1.2 feet.

The decline continued on a spiral path encountering a rich gold bearing zone striking NE-SW, dipping west approximately 27 feet below and 40 feet east of the gold zone located by DDH04-01. A panel 10ft. high by 10ft. wide was sampled by cutting channels at 1 foot intervals on the face from top to bottom returned a composite sample assay of 0.758 gold opt and 0.48 silver opt. This zone has been exposed for a horizontal distance of approximately 50 feet crossing the strike in continuous gold bearing material and yet to reach the west contact.

All of this current work is in a relatively unrecorded and unexplored area underground of the property. The ground magnetic geophysics surveys in 2008 over the property identified six (6) potential targets. The underground decline and branch drifts are exploring in and around the smallest identified magnetic target with encouraging results. The potential of these discovered rich gold zones extending downward in depth and on strike in both north and south directions requires to be investigated. The fact that most of the underground excavations are within mineralized ground that is being stockpiled, and the property has the ability on site to mill such material can be a significant advantage in advancing the property.

The mill is now running on day shift processing the surface stockpiles of excavated material that assays 0.3 to 0.4 gold opt. Metallurgical analyses is done on a routine basis to refine the percentage recovery of the gold. The primary crushing facility is subject to adverse weather conditions that impede continual running.

Recommendations and Budgets

Underground Phase

Millstream recommends to continue driving the decline at -15% in a southerly direction following the Lead-Zinc vein and at selected intervals of driving crosscuts westward through the porphyry to intersect the rich gold zone. Additionally, investigate the magnetic identified target that is approximately 120 feet east of the current gold zone and the magnetic identified target that is 130 feet further southwest of the current decline face. Carry out underground geology mapping, samples and assays.

Surface Phase

Millstream recommends the primary crushing facility to be enclosed and some modifications be done on the assay laboratory and gold room. Additionally, continue with the application to move from a Small Mine Exclusion status to a full mine status.

The writer concurs with and supports this program.

The estimated costs associated with these programs are as follows:

Underground Phase "A"

			Total	\$	1,074,480
			Contingency @10%	\$	97,680
			Sub-total A+B	\$	976,800
			Sub-total "B"	\$	269,300
	•	Enclose & modify primary crushing facility Modify the Assay lab & gold room Application for full mine status		\$ \$ \$	189,300 30,000 50,000
<u>Surfa</u>	ce	Phase "B"		Ψ	007,500
	 Excavate decline & crosscuts 1,000 feet @ \$450/ ft. Investigate 2 other Magnetic targets 250 feet @ 450/ft Sub-total "A" 		\$ \$ \$	450,000 112,500	
	Geology, mapping, samples, assays			\$	45,000

Respectively Submitted Phil Brown, P. Geo.

Reference:

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CERTIFICATE

I, Philip A. R. Brown, P. Geo., do hereby certify that:

- 1. I reside at 189 Astorville Road, Corbeil, Ontario POH 1K0
- I am a graduate of the Royal School of Mines, London University, England, with a B.Sc. Honours degree in Mining Geology (1966) and have practiced my profession continually for the last 42 years as a professional geologist, and have been a registered P. Geo. In Ontario since 2001.
- 3. I am a registered member of the CIMM and a Fellow of the GAC.
- 4. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "gualified person" for the purposes of NI 43-101.
- 5. I am not aware of any material fact or material change with respect to the subject matter of the geological Report that is not reflected in the geological Report, the omission to disclose which would make the geological Report misleading. The report is comprised of many reports prepared by a number of very reputable consultants in their field of expertise made available either in the public domain or in my files and the files of Millstream Mines Ltd.
- I am not independent of the issuer applying all of the tests in section 1.5 of National Instrument 43-101 due to the fact that I am currently acting as a Consultant to Millstream Mines Ltd and I have a royalty interest in the Airport property.
- 7. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.
- 8. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company's (Millstream Mines Ltd.) files on their websites accessible by the public, and any extracts from or a summary of the Technical Report.

CERTIFICATE

Dated this 11th Day of july 2008

Signature & Seal of Qualified Person

Philip A. R. Brown P.Geo.

P.A.R. Braun





Index map showing location of Sheridan district









