GEOPHYSICAL REPORT

on a

HELICOPTER-SUPPORTED

MAGNETIC SURVEY

on the

BEE PEAK PROPERTY

TAGISH LAKE, ENGINEER MINE AREA

ATLIN MINING DIVISION, BRITISH COLUMBIA

PROPERTY LOCATION: On Bee Peak 24 km due west of the village of Atlin, British Columbia
59° 31' N Latitude, 134° 10' W Longitude
BCGS Map: 104M.060
N.T.S. - 104M/9

WRITTEN FOR: **KUSHI RESOURCES INC.**
#402 - 220 Summit Boulevard
Broomfield, Colorado, 80021

WRITTEN BY: David G. Mark, P.Geo.
GEOTRONICS CONSULTING INC.
6204 – 125th Street
Surrey, British Columbia V3X 2E1

DATED: January 10, 2009

TABLE OF CONTENTS

LIST OF ILLUSTRATIONS

*The maps may be reduced to fit within the report.

SUMMARY

A helicopter assisted magnetic survey was carried out on the Bee Peak Property owned by Kushi Resources Inc. This property is located on Bee Peek 24 km due west of the village of Atlin within the northwest corner of BC within the Atlin Mining Division.

The main purpose of the geophysical survey was to locate gold/silver mineralization, perhaps similar to the nearby Engineer Mine, which is presently being explored for by BC Gold Corp. Here, gold mineralization occurs within and associated with quartz along two shear zones that are splays off the Llewellyn Fault.

The magnetic survey was carried out with two proton precession magnetometers, with one being a base station, by taking readings every 50 m along 15 lines for a total survey length of 31,500 meters. The readings were input into a computer, and plotted onto a base map at a scale of 1:5000.

CONCLUSIONS

1. The magnetic survey revealed seven lineations of magnetic lows striking in two main directions, northwesterly and northeasterly. Magnetic low lineations are often indicative of geologic structure such as faults and shear zones. Mineralizing fluids flow along geologic structure and thus magnetic lineations of lows are exploration targets especially where they cross each other.
2. The magnetic survey also revealed two lineations of magnetic highs that may be caused by mafic intrusions. One strikes northwesterly and the second one strikes almost due north. Mafic intrusions in this area are often associated with gold mineralization.

RECOMMENDATIONS

The magnetic survey has shown this area to have medium to weak exploration potential, especially in the area of the north facing slope of Bee Peak. It is thus recommended to prospect and sample the survey area. It is then recommended to follow this up with MMI soil geochemistry and geophysical surveys such as IP resistivity, especially in the area of the known showings and in those areas where the magnetic lineations cross each other.

EXPLORATION REPORT

on a

HELICOPTER-SUPPORTED

MAGNETIC SURVEY

on the

BEE PEAK PROPERTY

TAGISH LAKE, ENGINEER MINE AREA

ATLIN MINING DIVISION, BRITISH COLUMBIA

INTRODUCTION AND GENERAL REMARKS

This report discusses survey procedure, compilation of data, and interpretation of a magnetic survey carried out on the Bee Peak Mining claim, which is located 24 km due west of the village of Atlin, BC, and is owned by Kushi Resources.

The purpose of the exploration program on this property is to look for gold mineralization, possibly associated with silver and copper values, and possibly similar to the nearby Engineer Mine which is being explored by BC Gold Corp. The Engineer Mine mineralization consists of gold associated with quartz that occurs along two shear zones that are splays off of the Llewellyn Fault.

The purpose of the magnetic survey is to map rock types, such as basic intrusives, and geological structure.

PROPERTY AND OWNERSHIP

The Bee Peak claim, mineral tenure 526773, is registered to Rajan Rai and is held in trust for Kushi Resources Inc. The tenure comprises an area of 411 hectares (1014 acres).

The expiry date of the claim is January 30, 2012, which depends on the work discussed within this report to be accepted for assessment credits. Assessment requirements are exploration work to the value of $4.00/hectare in anniversary years 1, 2, and 3 and $8.00/hectare in subsequent years or pay the equivalent sum as cash in lieu of work. Failure to do work or pay the cash fee will result in forfeiture of title.

LOCATION AND ACCESS

The Bee Peak claim is located within the northwestern corner of British Columbia, as shown on figure #1, 24 km due west of Atlin Village which is on the east shore of Atlin Lake and which is 145 km 150° E (S30°E) of the city of Whitehorse, Yukon and 1,290 km 333°E of the city of Vancouver, BC. The property is located on Bee Peak about 4 km east of Tagish Lake.

This property occurs within NTS map sheet 104M/9 and BCGS map sheet 104M.060. For the center of the property, the latitude is 59° 31' North and the longitude is 134° 10' West. The UTM coordinates are 547100E and 6597600N, Zone 8, NAD 83.

Access to the Bee Peak Property is from Atlin or from Whitehorse by helicopter or float plane to one of the lakes. Or one can travel by an hour-long boat ride from Atlin, across Atlin Lake, up Atlin River, along Graham Inlet, and to the main part of Tagish Lake.

PHYSIOGRAPHY AND VEGETATION

The Bee Peak Property is found within the Tagish Highland, which is part of the Yukon Plateau, which itself is a physiographic unit of the Interior Plateau System. The Tagish Highland is characterized by areas of relatively smooth, gently rolling upland surface lying, for most part between 1,500 and 2,000 meters, with local peaks rising above. The area is incised to an elevation of about 670 meters by tributary rivers of Atlin and Tagish Lakes. The valleys are wide and U-shaped and many to the west of Atlin, i.e., the Bee Peak Property area, are occupied by lakes.

Elevations on the property vary from 1,400 meters (4,590 feet) at the bottom of one of the tributaries to Hope Creek along the western edge of the property near its southwestern corner, to over 1,940 meters (6,365 feet) on the mountain peak within the southern part of the property. This gives a property relief of 540 meters (1,775 feet). Bee Peak, which occurs within the northwestern part of the property reaches an elevation of 1,860 meters (6,100 feet). Slopes vary from moderate to mostly steep.

Glaciers occupied the Tagish Highland and thus much of the claim area is covered by glacial drift. For the most part the glacial drift is not thick, but within areas around the bigger lakes it is much thicker.

The main water sources on the property are the creeks, the main one being Rupert Creek, which flows easterly on the east part of the claim, and Hope Creek, which flows westerly along the west side of the claim.

Tree line is at about 1400 meters (4600 feet) on north-facing slopes and 1500 meters (4900 feet) on south-facing slopes. Above the tree line, which is all of the Bee Peak Property, the area is mostly covered in alpine vegetation, which is predominantly heather and sedges, as well as stunted buck brush. Below the tree line it is covered with light to medium forest

consisting of lodge-pole pine, black spruce, aspen, and scrub birch. The underbrush is generally light but can be thick in areas around streams.

The temperatures can reach 30°C in the summer months, with an average of 20° C whereas in winter they can drop down to –35°C with an average of –15°C. Snowfall in winter months is moderate. Depending on the elevation, mining exploration can be carried out from May until the end of October. On a good year this can extend well into November, though this cannot be relied on.

HISTORY OF PREVIOUS WORK

The area in proximity to the Engineer mine was undoubtedly prospected carefully while that mine was in operation. The writer has found few records of such work but it is a matter of record that the Happy Sullivan gold-silver prospect (minfile no. 104M-013) was worked on in 1932 and that a ten ton sample with "…8.5 to 9.5 ounces per ton Au…" was taken that year (Thompson, 1990, p. 6). The Happy Sullivan is located 2 km west of the western boundary of the Bee Peak claim.

Golden Bee Minerals Inc. of Kamloops, B.C. in 1989 and 1990 conducted two exploration programs on claims (GB 2 group) located immediately east of the Engineer mine and reported their activities in assessment reports 19631 and 21327. The GB 2 group of claims likely covered parts of what is now the Bee Peak claim. That company reported the presence on their claims of "…wide spread epithermal to hydrothermal gold-silver mineralization." and the discovery of two new zones. One zone on gleaner Mountain , that was described as a "…massive contact zone …returned values from grab sample 891-5R03 of 3257 ppb Au, 58.9 ppm Ag, 949 ppm Cu, 9860 ppm Pb, 2028 ppm Zn, 80500 ppm As and 580 ppm Sb" (Thompson, 1990. p. 1). A second discovery, in the Bee Peak area, returned elevated metal values in soil samples.

GEOLOGY

a) Regional

Along most of British Columbia's length plutonic rocks of the northwest-trending Coast Belt intrude mainly volcanic and sedimentary rocks of the Intermontane Belt. First-order geological characteristics of the study area reflect its location at the contact between the two belts. The Coast Belt is the result of mainly Later Cretaceous and Tertiary magmatism, whereas the Intermontane Belt at this latitude is composed of predominantly Mesozoic arc volcanic and arc-derived sedimentary rocks (Mihalnyuk, et al., 1999. p. 8)

The Atlin mining district is geologically varied and complex. It is bordered to the west by the precipitous and glacier shrouded Coast Mountains and the attendant Coast Crystalline Complex of granitic terrains, the central portion is a deeply dissected plateau dominated by Mesozoic strata of mixed volcanic and volcanogenic formations and the east sector is a more mature terrain underlain by Cache Creek Group sedimentary rocks of oceanic origin and still farther east the underlying formations

belong to the Sylvester Group of low grade metamorphic rocks of mid to late Paleozoic ages. Granitic rocks of the Coast Intrusion are abundantly present as bodies of batholithic proportions and as small stocks. The Atlin Intrusions, a complex of ”greenstones”, peridotites, dunite and their serpentinized equivalents, occur close to the town of Atlin and also in a broad belt south and southeast of the town. The ultramafic bodies in the vicinity of the historic gold mining areas are intimately associated with Cache Creek formations and are smallish and raggedly irregular in outline whereas the Mount O'Keefe or Nahlin ultramafic body is very large and much less disrupted by fracturing. All are, however, alpine –type ultramafites.

The district is structurally complex, with numerous northwesterly-striking fault complexes, some of which are of crustal scale and profound and can be traced far from the area of concern in this report, others are splays that create imbrications of slivers of the various formations. Early Middle Jurassic deformation resulted in substantial crustal shortening and Mihalynuk in his studies of the Tagish Lake area (Mihalynuk, 1999) describes reactivation of such structures into the mid-Tertiary period. Although not exhaustively discussed by Mihalynuk, it seems to be accepted wisdom that the geological complexity encountered in the area results at least in part from its history of several continental plate collisions followed by adjustments as plate fragments moved one against another to form the present mosaic-like configuration.

Several contrasting geological terrains are present in the Atlin mining district each has the potential to host important mineral deposits: Gold quartz veins are found in Atlin Intrusions but are mainly significant as probable sources of placer gold: other possible deposits include platinum group ores, asbestos magnesium, and Cyprus-type massive sulphide copper –zinc deposits (Mihalynuk. 1999. abstract.)

Weakly to strongly metamorphosed clastic and volcaniclastic rocks of Paleozoic age are stated to be volcanic arc related and outside of the area being considered are hosts to volcanogenic massive sulphide deposits, including the Tulsequah Chief deposit located southwest of the area. The various but closely related granitic plutons of the Cretaceous magmatic event that comprise the core of the Coast Belt have produced skarn-type copper deposits close to Whitehorse and epithermal gold mineralization in southern Yukon and the Tagish area.

The strong fault zones and related structures offer opportunities to locate mineral deposits associated with hydrothermal systems that may have exploited the fractures and other weaknesses.

The Llewellyn fault zone occurs as a series of northwest-striking, steeply dipping to vertical fault strands at the contact between Mesozoic strata of the southerly continuation of the Whitehorse Trough and the metamorphosed rocks of the Boundary Ranges of Coast Crystalline terrane. It varies in width from some tens of meters to as much as several kilometers. Ductile deformation fabrics are commonly developed within and close to the zone of faulting.

b) Property

The Bee Peak Claim is situated northeast of the Llewellyn fault and immediately east of the former Engineer Mine. It is located in Stikine terrane in the southerly continuation of the Whitehorse Trough, a regional syncline. Parts of the following discussion are derived from assessment reports filed by previous operators in the vicinity of the Bee Peak claim.

The property is almost entirely underlain by sedimentary rocks of the Inklin Formation which is a geological unit of the Lower Jurassic Laberge Group. The rocks are divided into two groups, one being argillite, greywacke, wacke, and conglomerate turbidites and the other being mudstone, siltstone, and shale, which are fine clastic sedimentary rocks. Both groups occur on the Bee Peak Claim with the contacts between them being northerly-trending.

Intruding into these sediments are intrusives of the Eocene Sloko-Hyder Plutonic Suite. A few hundred meters to the southeast of the claim is an intrusive of granite and/or alkali feldspar granite. Just over a thousand meters south-southwest of the property and on the southwest side of the Llewellyn Fault is a larger intrusive of quartz diorite. In addition, a small northwest-trending quartz diorite occurs within the southern portion of the Bee Peak Claim

c) Mineralization

Mihalynuk discusses the mineral potential (op cit. p. 82) of the Laberge rocks as follows:

Rheological properties of the Laberge Group strata, however make it a suitable host for the formation of dilatent precious metal veins (e.g. Engineer mine). Thus, when Laberge strata occur together with high-level magmatic rocks (a hydrothermal system), particularly where adjacent to large structures such as the Llewellyn fault (focused fluid pathways). The potential for precious metal vein formation is moderate to high.

Mihalynuk (p. 103) also discusses the mineral potential of the Sloko volcanics in Tagish Lake area, in part by analogy to the Skukum gold mine in south Yukon which also occurs in Sloko volcanic rocks. There, epithermal gold veins display open spaces and adularia-sericite alteration in proximity to deep seated faults analogous to the Llewellyn fault. He notes that little exploration efforts have been directed to Sloko rocks in the Tagish Lake area and suggests that gold, mercury and fluorine levels in regional stream sediment geochemical survey data may provide useful clues to Skukum-type deposits. *"Alunite-kaolinite (acid sulphate) alteration and proximal adularia-sericite alteration with manganese mineralization are indicators of fertile hydrothermal systems" (p. 103).*

Thompson (1990) in his discussion of mineralization and alteration found on the GB 2 group of claims, that are thought to have been located in the same area as is the Bee

Peak claim, describes “Large scale, bright orange-brown hornfels-pyrrhotite oxidation and alteration of the Inklin strata…. reflects hydrothermal activity” and that

This volcanic system may be responsible for the wide spread gold, silver, and arsenic mineralization around Engineer Mountain, Gleaner Mountain, and Bee Peak. East of Gleaner Mountain concentrations of massive sulphides occur at contacts between rhyolitic flows and andesites” (Thompson. op cit. p. 8).

Thompson also states (op cit. p.9) that “The most abundant mineralization is pyrite and pyrrhotite ranging from 1 – 10% throughout the claims”.

Thompson conducted follow-up work on the GB 2 group of claims during the 1990 field season and reported mixed results from a large number of samples, both chip samples and grab samples (Thompson, 1991). He found widespread polymetallic mineralization and conditions somewhat analogous to gold and gold-silver deposits at Delamar, Idaho, and Goldfield, Jarbridge and Paradise Peak, Nevada, all of which have been described as low sulphidation epithermal deposits associated with rhyolitic-dacitic dome complexes. He recommended that “Consideration should be given to the potential for a large tonnage target, rather than the historically high grade low tonnage type deposits characteristic of the area” (op cit. p. 20).

As can be seen on the geology map (fig. 4), MinFile showing number 104M 077 known as the Bee Peak Showing occurs within the northwest part of the property. The BC government website described the showing as follows:

“The claims cover an area of pyrrhotite hornfels with orange-brown oxidation. The most abundant mineralization is pyrite and pyrrhotite ranging from 1 to 10 per cent throughout the claims.

“About 1160 metres south of Bee Peak, sample 89-1R04 assayed 19 per cent lead, 0.117 grams per tonne gold, 44.6 grams per tonne silver and 0.79 per cent arsenic (Assessment Report 19631).

“About 80 metres west of Bee Peak, a zone in a carbonate felsic dike, in a orange-brown recessive zone, contains minor mariposite and 2 per cent sulphides. This zone is about 4 metres wide and trends north.

“A shear zone, up to 5 metres wide, occurs 100 metres west of Bee Peak. Samples from the zone, in a carbonate altered breccia, assayed up to 0.373 gram per tonne gold in 1989 (Assessment Report 19630) but subsequent sampling failed to duplicate this value (Assessment Report 21011).”

d) Engineer Mine

The following was taken from BC Gold’s web site with BC Gold being the current operators of the Engineer Mine.

“Gold was discovered on the Engineer Mine property in 1899. A total of 561,659 grams gold (18,058 ounces) and 278,373 grams silver (8,950 ounces) was produced

from 14,263 tonnes of ore at Engineer Mine during the period 1913 and 1952. This equates to total realized gold and silver production grades of 39.38 g/t gold (1.15 oz/ton) and 19.52 g/t Ag (0.57 oz/ton), respectively."

"Quartz veining and gold mineralization occurs in two modes at Engineer Mine and is directly related to two main shear zones. Both shear zones form distinct regional-scale lineaments trending sub-parallel at 145 degrees and 160 degrees. High grade gold and silver mineralization occurs in several narrow, less than 2 metre wide tensional and vertical, northeast-southwest striking quartz-calcite veins hosted in well bedded sediments of the Lower Jurassic Laberge Group. Veins pinch and swell along strike and display good vertical continuity.

"Lower grade gold mineralization is known to occur within the two broad shear zones and subordinate structures, as well as in two densely veined / stockworked quartz "hubs" that appear to represent intersection points with secondary north-south structures. The latter offers excellent potential for lower grade, bulk-tonnage gold mineralization.

"Gold and silver mineralization at Engineer has been characterized as transitional epi-mesothermal (B.C. Ministry of Energy and Mines Bulletin 105). Gold grades are very sporadic ranging from trace to 50 grams per tonne gold. Native gold is the principle metallic mineral and occurs in pockets associated with roscoelite, a dark green to black micaceous alumino-silicate. Minor pyrite, tetrahedrite, chalcopyrite, antimony, berthierite, allemontite and tellurides are also reported. Ore grade vein material displays vuggy and drusy quartz crystals and abundant cockscomb and colloform textures in successive layers of quartz and calcite coating country rock fragments and vein material."

MAGNETIC SURVEY

(a) Instrumentation

The magnetic survey was carried out with two model G-856 proton precession magnetometers manufactured by Geometrics of San Jose, California. One was used as a base station and the other was used as the field unit. This instrument reads out directly in nanoTeslas (nT) to an accuracy of ±1 nT, over a range of 20,000 - 100,000 nT. The operating temperature range is -40° to +50° C, and its gradient tolerance is up to 3,000 gammas per meter.

(b) Theory

Only two commonly occurring minerals are strongly magnetic, magnetite and pyrrhotite and therefore magnetic surveys are used to detect the presence of these minerals in varying concentrations, as follows:

- Magnetite and pyrrhotite may occur with economic mineralization on a specific property and therefore a magnetic survey may be used to locate this mineralization.
- Different rock types have different background amounts of magnetite (and pyrrhotite in some rare cases) and thus a magnetic survey can be used to map lithology. Generally, the more basic a rock-type, the more magnetite it may contain, though this is not always the case. In mapping lithology, not only is the amount of magnetite important, but also the way it may occur. For example, young basic rocks are often characterized by thumbprint-type magnetic highs and lows.
- Magnetic surveys can also be used in mapping geologic structure. For example, the action of faults and shear zones will often chemically alter magnetite and thus these will show up as lineal-shaped lows. Or, sometimes lineal-shaped highs or a lineation of highs will be reflecting a fault since a magnetite-containing magmatic fluid has intruded along a zone of weakness, being the fault.

(c) Survey Procedure

The survey was carried out using a helicopter from Discovery Helicopters out of Atlin, British Columbia, with the magnetic sensor in a bird 23 meters below the helicopter. Readings of the earth's total magnetic field were then taken with the operator in the helicopter by hovering over each station and attempting to keep the sensor/bird about 100 meters above the terrain. Readings were taken every 50 meters along 15 north-south survey lines with a line spacing of 100 meters. The total amount of surveying totaled 31,500 meters.

The diurnal variation was monitored in the field by a base station.

Weather conditions in early April necessitated using a helicopter because of the deep snow and the steep terrain. Furthermore stormy weather conditions required the delay of the survey for several days.

(d) Data Reduction

The data was input into a computer. Using Geosoft software, it was next plotted with 54,000 nT subtracted from each posted value and contoured at an interval of 1,000 nT on a base map, GP-1, with a scale of 1:5,000. A profile plan map was also produced at the same scale and with a profile scale of 1 cm = 3,000 nT.

DISCUSSION OF RESULTS

The data varies from a low of 78,700 nT to a high of 63,229 nT to give a relief of 14,529 nT. This is mostly caused by the inability to keep the sensor/bird at a steady terrain clearance due to the rough terrain. Therefore, the data is quite noisy. However, the data is quieter in some areas, such as within the southeastern part of the survey area, due to more even terrain.

At least nine lineations are apparent within the survey area as shown on the contour map. Two of these are lineations of magnetic highs and are probably caused by mafic intrusions. One strikes northwesterly and the second one strikes almost due north. Mafic intrusions in this area are often associated with gold mineralization.

The other five lineations are of magnetic lows three of which also strike northwesterly and two strike northeasterly. Lineations of magnetic lows are often indicative of geologic structure such as faults and shear zones. For example, the second one from the north correlates directly with a cliff that is caused by a fault. The low therefore is caused both by the fault itself as well as the terrain clearance problem over the cliff. Mineralizing fluids flow along geologic structure such as faults, shear zones and contacts and thus magnetic lineations of lows are exploration targets especially where they cross each other.

REFERENCES

Burjoski, Peter, (2007) Technical Report on the Tagish Top Claim Property, Atlin Mining Division, NTS 104M/08, 09, 10, for XO Gold Resources, Vancouver, BC

Bultman, T.R. (1979), Geology and Tectonic History of the Whitehorse Trough West of Atlin, British Colombia, Unpublished Ph.D. thesis, Yale University, 284 pages.

Geological Description of the Engineer Mine, BC Gold Corp Web Site, 2008

Mihalynuk, M.G., Currie, L.D. and Arsksey, R.L. (1989), The Geology of The Tagish Lake Area (Fantail Lake and Warm Creek) (104M9W and 9E), BC ;Ministry of Energy Mines and Petroleum Resources, Geological Field Work 1988, Paper

Mihalynuk, M.G., Currie, L.D. and Arsksey, R.L. Mountjoy, K.J., Smith, M.T., and Rouse, J.N. (1997), Geology of The Tagish Lake Area, in Geoscience Map 1997-1, Open File, British Columbia Geological Survey Branch, Ministry of Employment and Investment, Energy and Minerals Division

Mihalynuk, M.G., Mountjoy, H.J. (1990), Geology of The Tagish Lake Area (Edgar Lake 104M8 and Fantail Lake 104M9E), BC Ministry of Energy Mines and Petroleum Resources, Geological Field Work 1989, Paper 1990-1, pages 175-179

Mihalynuk, M.G. and Rouse, J.N.(1988), Preliminary Geology of The Tutshi Lake Area Northwestern British Columbia (105M15), BC Ministry of Energy Mines and Petroleum Resources, Geological Field Work 1987, Paper 1988-1

Souther, J.G. (1971), Geology and Mineral Deposits of the Tulsequah Map Area, British Columbia (104K), Geological Survey of Canada, Memoir 362, 84 pages

Unknown Author, 2008, 2008 Exploration, Geological, Geochemical and Geophysical Report for the Llewellyn Project (Titan and Llewellyn Properties), Atlin MD, Northwestern BC, Map Sheet 104M08, 104M09m and 104M10, Prepared for Eagle Plains Resources Ltd of Cranbrook, BC, and XO Gold Resources Ltd, of Vancouver, BC; Bootleg Explorations Inc. (This report is currently being prepared.)

GEOPHYSICIST'S CERTIFICATE

I, DAVID G. MARK, of the City of Surrey, in the Province of British Columbia, do hereby certify that:

I am registered as a Professional Geoscientist with the Association of Professional Engineers and Geoscientists of the Province of British Columbia.

I am a Consulting Geophysicist of Geotronics Consulting Inc, with offices at 6204 – 125th Street, Surrey, British Columbia.

I further certify that:

1. I am a graduate of the University of British Columbia (1968) and hold a B.Sc. degree in Geophysics.
2. I have been practicing my profession for the past 40 years, and have been active in the mining industry for the past 43 years.
3. I do not hold any interest in Kushi Resources Inc, nor in the property discussed in this report, nor in any other property held by this company, nor do I expect to receive any interest as a result of writing this report.

David G. Mark, P.Geo. January 10, 2009
Geophysicist

AFFIDAVIT OF EXPENSES

Helicopter-assisted magnetic surveying was carried out on the Bee Peak Property, which occurs between Atlin Lake and Tagish Lake to the west of the village of Atlin, B.C. This work was done during the period of March 20th to April 21st, 2008, to the value of the following:

FIELD (April):

Mob/demob, Vancouver - Atlin, return, Kushi's share	$ 802.00	
Technologist Gerry Diakow	6,000.00	
Helicopter	$2,600.00	
Demob to Vancouver, Kushi's share	300.00	
Fuel and disposables	650.00	
Room and board	1,000.00	
Instrument rental, 14 days @ $100.00/day	,,1,400.00	
TOTAL	$11,352.00	$11,352.00

DATA REDUCTION and REPORT:

Geophysical technician, 10 hours @ $35/hour	$350.00	
Senior Geophysicist, 10 hours @ $75/hour	750.00	
TOTAL	$1,100.00	$1,100.00

GRAND TOTAL **$12,452.00**

Respectfully submitted,
Geotronics Consulting Ltd.

David G. Mark, P.Geo,
Geophysicist January 10, 2009

KUSHI RESOURCES INC.

BEE PEAK PROPERTY

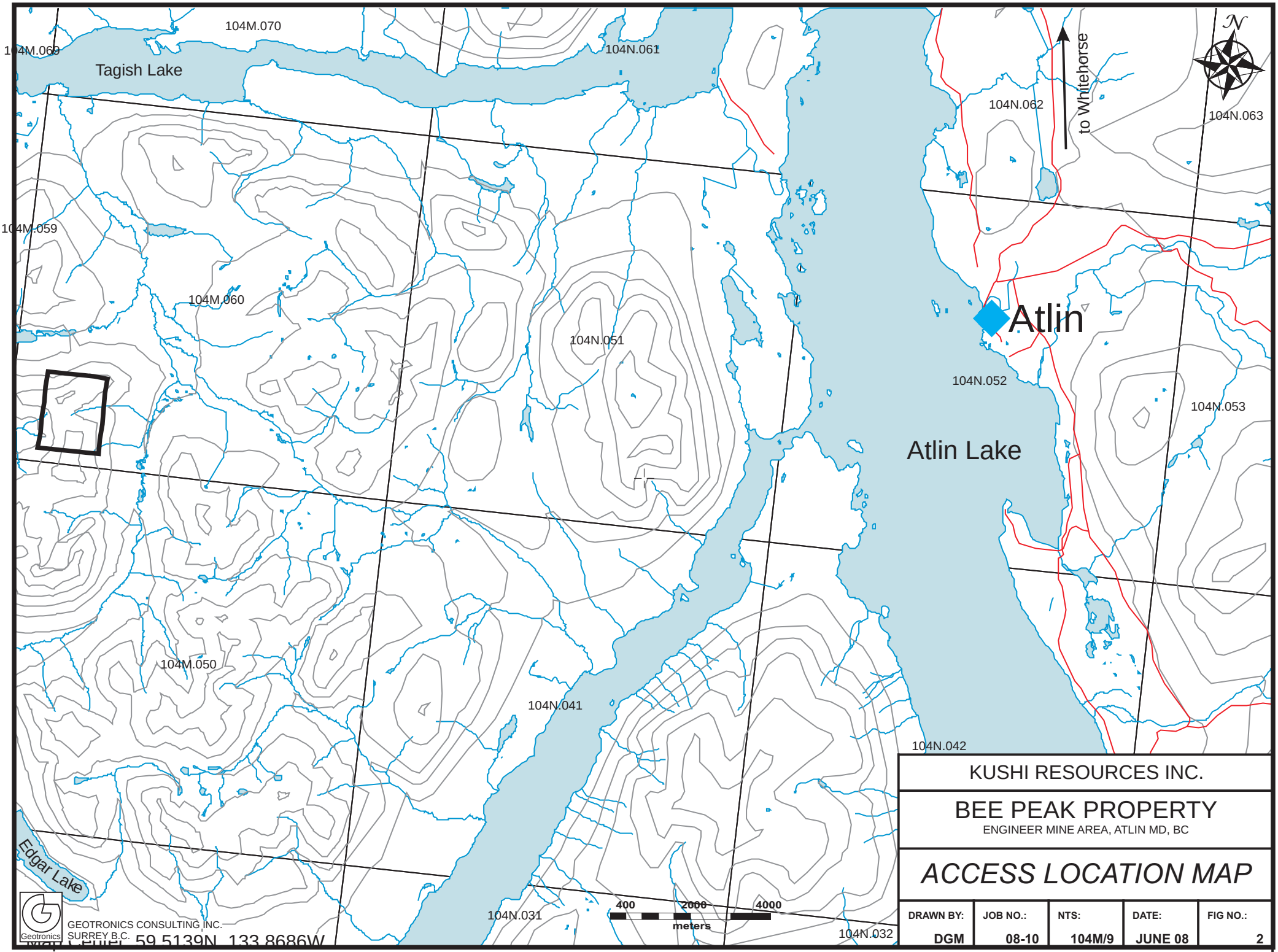
ENGINEER MINE AREA, ATLIN MD, BC

BC LOCATION MAP

DRAWN BY:	JOB NO.:	NTS:	DATE:	FIG NO.:
DGM	08-10	104M/9	JUNE 08	1

GEOTRONICS CONSULTING INC.
SURREY B.C.

Map Center: 53.8983N 123.2612W



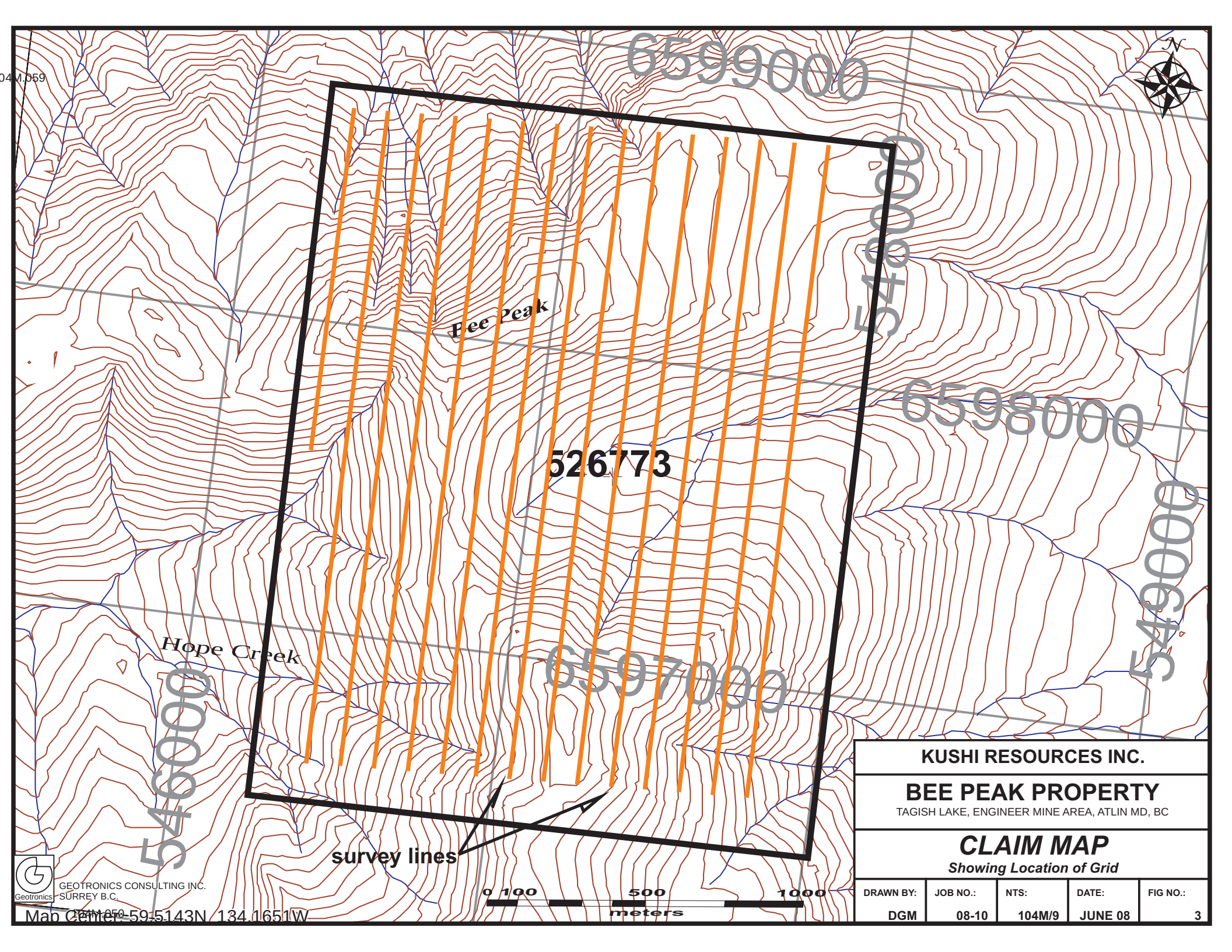
KUSHI RESOURCES INC.

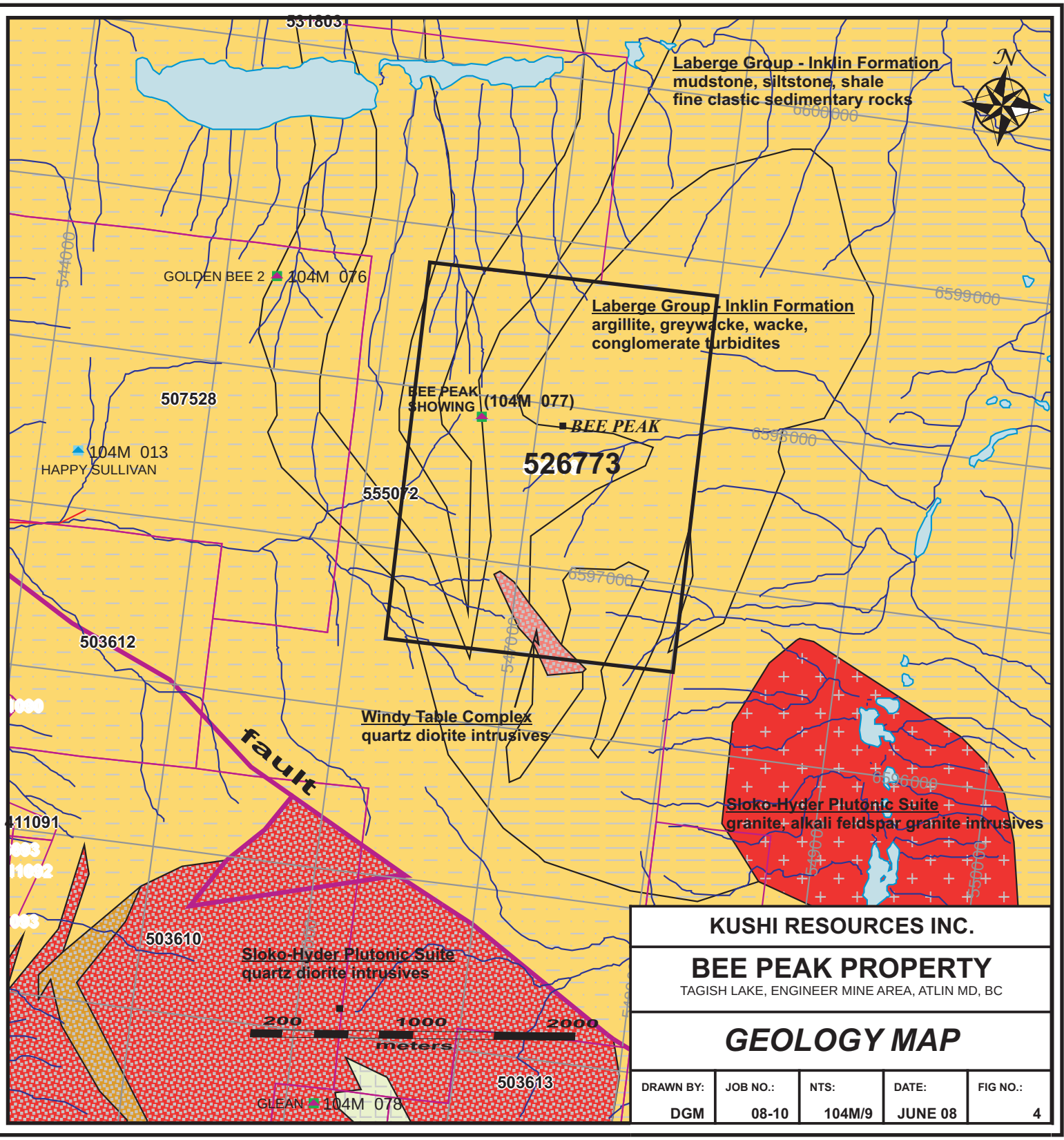
BEE PEAK PROPERTY

ENGINEER MINE AREA, ATLIN MD, BC

ACCESS LOCATION MAP

DRAWN BY:	JOB NO.:	NTS:	DATE:	FIG NO.:
DGM	08-10	104M/9	JUNE 08	2


104M.059
6599000
Bee Peak
526773
6598000
Hope Creek
6597000
546000
549000
N
survey lines
0 100 500 1000
meters
KUSHI RESOURCES INC.
BEE PEAK PROPERTY
TAGISH LAKE, ENGINEER MINE AREA, ATLIN MD, BC
CLAIM MAP
Showing Location of Grid
DRAWN BY: DGM
JOB NO.: 08-10
NTS: 104M/9
DATE: JUNE 08
FIG NO.: 3
GEOTRONICS CONSULTING INC.
SURREY B.C.
Geotronics
Map Center: 59.5143N 134.1651W



KUSHI RESOURCES INC.

BEE PEAK PROPERTY

TAGISH LAKE, ENGINEER MINE AREA, ATLIN MD, BC

GEOLOGY MAP

DRAWN BY:	JOB NO.:	NTS:	DATE:	FIG NO.:
DGM	08-10	104M/9	JUNE 08	4

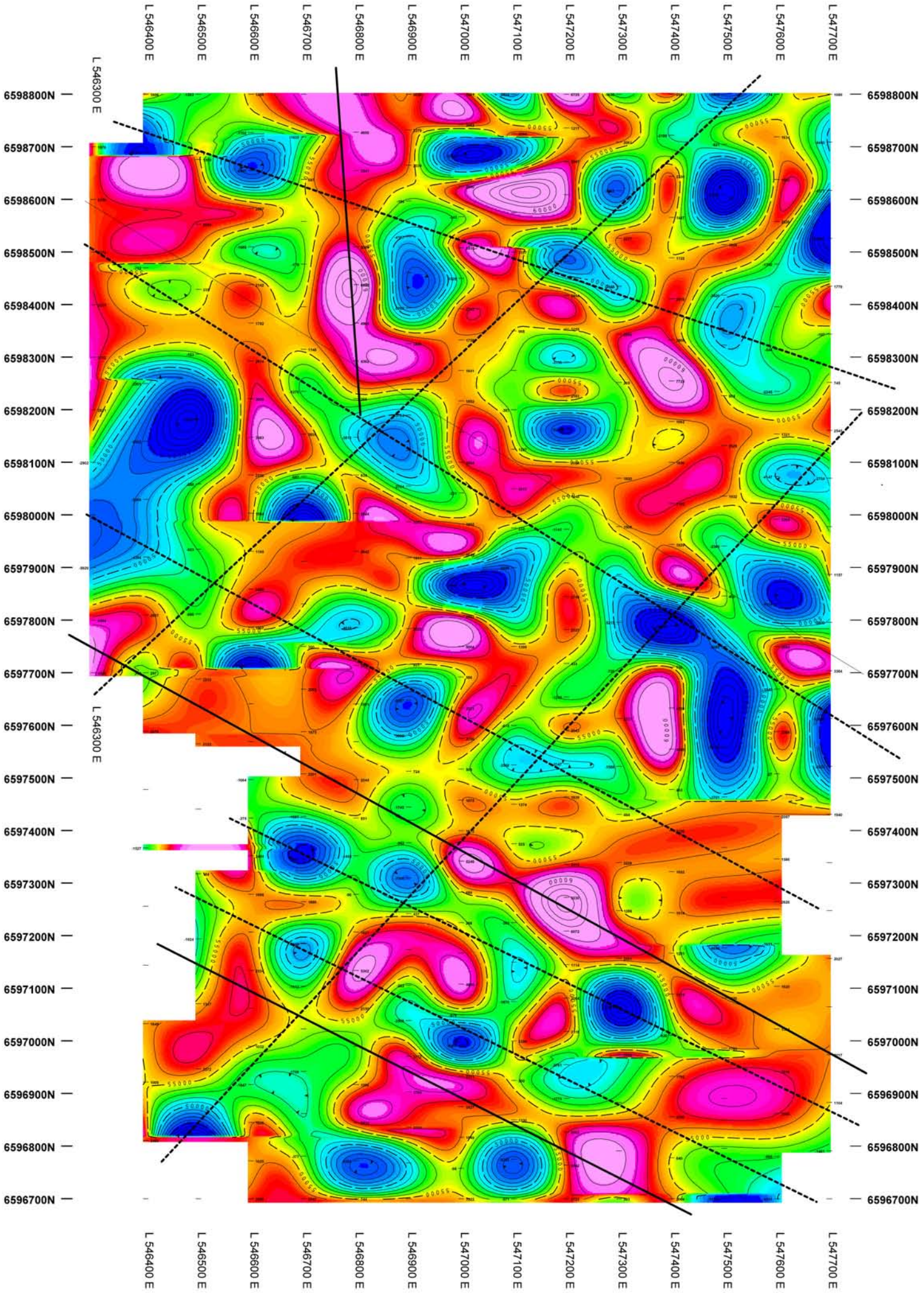
KUSHI RESOURCES INC.

BEE PEAK PROPERTY

TAGISH LAKE, ENGINEER MINE AREA, ATLIN MD, BC

FLIGHT PATH MAP

DRAWN BY:	JOB NO.:	NTS:	DATE:	FIG NO.:
DGM	08-10	104M/9	JUNE 08	5



Declination10.0

59064.1
58217.6
57705.3
57351.2
57077.5
56853.7
56658.8
56488.2
56354.9
56215.4
56077.5
55947.0
55818.1
55691.4
55557.5
55413.1
55252.9
55085.4
54907.6
54722.8
54530.3
54325.1
54116.1
53893.2
53659.6
53410.2
53138.8
52852.7
52549.8
52210.5
51809.9
51357.4
50818.2
50160.9
49304.5
48249.7
47036.0
45300.4

MAGNETIC FIELD
nanoTeslas (nT)

Survey Date:
April 2008

Instrumentation:
Proton Precession Magnetometer
Geometrics, Model G-856

Base:
54,000 nT (This value has been subtracted from each reading.)

Contour Interval:
1000 nT

MAGNETIC HIGH LINEATION

MAGNETIC LOW LINEATION

Data Reduction by:

GEOTRONICS CONSULTING INC.
SURREY BC.

50 0 50 100 150 200 250
(metres)

GEOTRONICS CONSULTING INC.

KUSHI RESOURCES INC.

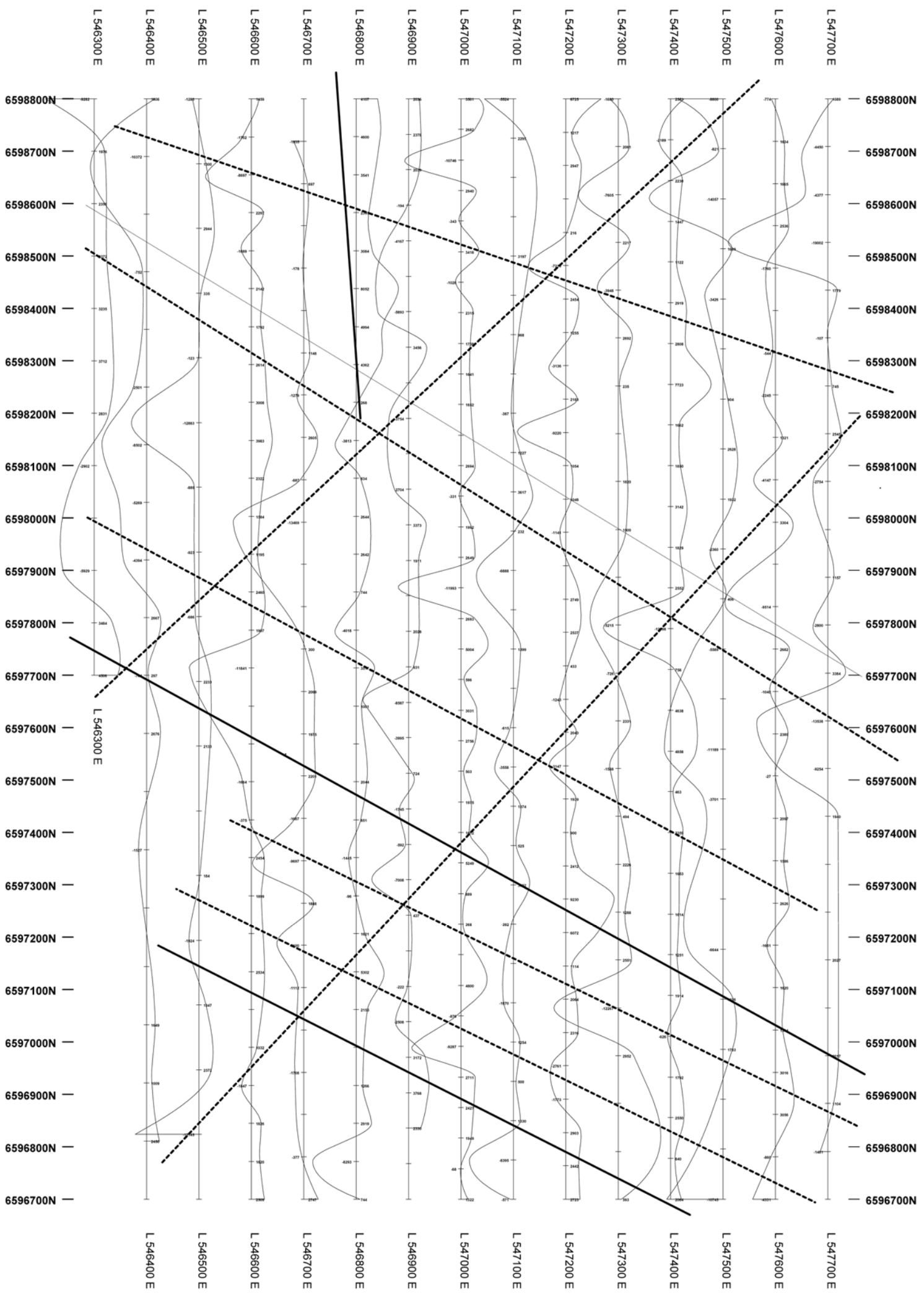
BEE PEAK PROPERTY

Tagish Lake, Engineer Mine Area, Atlin MD, BC

MAGNETIC SURVEY
CONTOUR PLAN

Drawn by:	Job No.	NTS	Date	Fig No.
DGM	08-10	104M/	June 08	GP-1

[redacted]



Declination10.0

Survey Date:
April 2008

Instrumentation:
Proton Precession Magnetometer
Geometrics, Model G-856

Base:
54,000 nT (This value has been subtracted from each reading.)

Profile Scale:
1 cm = 5000 nT

MAGNETIC HIGH LINEATION

MAGNETIC LOW LINEATION

Data Reduction by:

GEOTRONICS CONSULTING INC.
SURREY BC.

50 0 50 100 150 200 250
(metres)

GEOTRONICS CONSULTING INC.

KUSHI RESOURCES INC.

BEE PEAK PROPERTY

Tagish Lake, Engineer Mine Area, Atlin MD, BC

MAGNETIC SURVEY
PROFILE PLAN

Drawn by:	Job No.	NTS	Date	Fig No.
DGM	08-10	104M/9	June 08	GP-2

[redacted]