A Geological Report

on the

"Len" # 1 - 32 Claims

of

GOLD CLF RESOURCES LTD

and

TALLY RESOURCES INC

situated

47 km N. & 14 km E. of Mayo, Yukon Territory

Lat: 64°11'N.   Long: 135°37'W

by

D.R. Morgan, Geologist, P. Eng.

Date: 10 June 1979
Subject: A Geological Report on the Len Claim Group of
COLD CUP RESOURCES LTD and TALLY RESOURCES INC,
situated 47 km N. and 14 km E. of Mayo, Yukon

Dear Sirs:

I hereby authorize the use of the above described report in
a Statement of Material Facts or in a Prospectus.

Signed,

David R. Morgan, Geologist, P. Eng.
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### Maps Accompanying this report:

1. Property Location Map: 1a
2. Claim Map: 3a
3. Trench & Drill Hole Location Map: 6a
1-0 SUMMARY: (Fact)

1. The Len 1-32 claim group, 50 km northeast of Mayo in the Yukon, are in an area of silver-lead-zinc mineralization.

2. The claims cover a silver-lead-zinc prospect where trenching by the former owners revealed a sideritic vein in sericite schist with a length of 200 feet, a width of 9 feet and a dip of 20° to the northwest.

3. Sampling of this vein where it is best exposed (trench #3) indicated grades of: Ag: 4.03 ozs/ton, Pb: 2.22%, Zn: 4.09%
This indicates a silver ratio of 1.8:1.0

2-0 CONCLUSIONS: (Opinion)

1. Exploration to date has shown that the rocks underlying the Len claims (gritty quartzite, argillite and phyllite) host silver-lead-zinc vein type mineralization.

2. Exploration should now be extended to the north and east of the main showing area to seek further vein type mineralization.

3. An exploration program costing $40,000 is considered justified with provision for a $60,000. follow-up program on the Consultant's recommendation. This program with two phases amounting to a total of $100,000. is detailed in the next section.
3 - 0 **RECOMMENDATIONS:**

3 - 1 **Program:**

**Phase 1**

1. **Line Cutting:** A line grid should be cut to cover the claim block.
2. **Geochemical Survey:** A geochemical survey should be carried out on the line grid for Ag - Pb - Zn in the soils. The creeks should be silt sampled.
3. **Geological Mapping:** Detailed geological mapping should be extended to cover the eastern part of the Len claims.
4. **Bulldozer Trenching:** Target areas revealed by the foregoing surveys should be trenched, mapped and sampled.

**Phase 2**

(Subject to Consultant's Recommendation)

1. **Diamond Drilling:** Drilling should be carried out as indicated by the results of the foregoing work.
Cost Estimate:

Phase 1
(Program on Len 1-32 claims 50 km N.E. of Mayo, Yukon)

1. Mobilization & De-mobilization: 2,000.
2. Line Cutting: 6,000.
5. Bulldozer trenching: 10,000.
6. Helicopter support: 6,000.
TOTAL for Phase 1: 34,800.

Phase 2
(Subject to Consultant's Recommendation)

1. Diamond Drilling: 60,000.
TOTAL for Phases 1 & 2: 100,000.

Signed,

David R. Morgan, Geologist, P. Eng.
Date: 10 June 1979
GOLD CUP RESOURCES LTD
and
TALLY RESOURCES INC

CLAIM MAP

Scale: 1" = ½ mile
Date: 10 June 1979
By: D.R. Morgan, P. Eng.
Source: Dept. of Northern Affairs Map 106-D-4, revised to 1 Feb 1979
4 - 0  **INTRODUCTION:**

4 - 1  **Scope & Dates of Report:** On Monday 4 June 1979 the writer was asked by Mr. Ron Philp, President of Tally Resources Incorporated, 325 Howe Street, Vancouver, B.C. to write a report on the "Len" group of claims northeast of Mayo in the Yukon. The report was also to be on behalf of Gold Cup Resources Ltd, Suite 1005, 789 West Pender Street, Vancouver, B.C. who are jointly optioning this property with Tally Resources.

The purposes of this report were:
1. To review all of the available data on the area in which the property lies.
2. To make recommendations for the exploration of the property.

The writer has worked in the Keno Hill area of the Yukon, but has not visited this property.

4 - 2  **Title:** The property consists of the following mineral claims:

<table>
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<th>Name of Claims</th>
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<td>Len 1-32</td>
<td>YA30521-YA30552</td>
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The property is held under option by Tally Resources Inc. and Gold Cup Resources Ltd from Gordon Dickson.

5 - 0  **HISTORY OF THE PROPERTY:**

The property was originally located by Keno Hill Mines Ltd. to investigate geochemical silt highs encountered along the creeks. Prospecting located a galena-siderite vein structure. Several trenches were excavated but the claims were allowed to lapse.

In March 1968 the Jay 1-16 claims were staked and subsequently acquired by Altair Mining Corporation Ltd (NPL) under a purchase agreement. During July 1969, 17.12 line miles of geochemical survey were completed by McDonald Consultants Ltd, for Altair. Samples
were taken on a 100 foot grid. All samples were analysed for Pb, Zn and Ag. A total of 903 samples were taken. This survey outlined a well defined soil anomaly striking easterly and several weaker anomalous areas. The northeastern part of the claim group was not sampled. (Ref.1)

In September 1973 the geology of the property was mapped by Agilis Engineering and some of the old trenches were sampled.

In 1974 the geochemical anomalies on the property were investigated by trenching and prospect pits. A total of 235 feet of EXT diamond drilling was also carried out in six holes. Core recovery was very poor (30%) due to the schistose rocks encountered and the small core size.

Since 1974 no further work has been done on the Jay claims and they were allowed to lapse.

The Len claims were staked to cover the former Jay claims and adjoining ground to the east.

6 - 0 GEOGRAPHY:

6 - 1 Location: The property lies 47 km north and 14 km east of Mayo in the central part of the Yukon Territory. It has a latitude of 64°01' N, a longitude of 135°37' W, lies in National Topographic System area 106D/4 and is in the Mayo Mining Division. The property lies immediately southeast of the confluence of Lynx and Skate creeks.

6 - 2 Access: The property is accessible by helicopter from Mayo. A bulldozer trail passes within 5 miles of the property.

6 - 3 Topography: The property lies on the north facing slopes to the south of Skate Creek. Topography is gently undulating except along two small, northerly draining creeks where slopes are steep and cliffs are developed.
7 - 0  REGIONAL GEOLOGY: The area has been mapped by the Geological Survey of Canada and the results appear in Memoir # 357: "Geology of Mayo Lake, Scougale Creek and McQuesten Lake Map Area," by L.H. Green.

In general the Len mineral claims are underlain by gritty quartzite, argillite, phyllite, minor limestone and chert (Unit # 3). To the south, along the valley of the South McQuesten River, an easterly-trending fault forms the apparent contact with Unit 3 and the Keno Hill quartzite.

The structural configuration of unit 3 is complex; several stages of folding are indicated and the obliteration of bedding makes interpretation difficult. Large open folding on a regional basis seems to be the rule, but on a smaller scale, folding appears to be tight and highly complex.

Cretaceous granitic intrusions, usually forming small stocks, intruded unit 3 north and east of the property. Granitic float found along the western part of the claims gives evidence of intrusion in this part of the claim group. (Ref.1)

8 - 0  GEOLOGY OF THE PROPERTY:

The original Jay claims which are now covered by the western part of the Len group, are underlain chiefly by thin bedded, foliated gritty quartzite, interbedded with thin bands of biotite-mica schist. On Len 2, exposures within the creek bed of quartzite bands show attitudes varying from $315^\circ/10^\circ-20^\circ W$ to $270^\circ/20^\circ S$. A similar setting prevails along the creek flowing north through Len 27, 28, 4 and 3. Here the strike changes from $030^\circ/25^\circ NW$ to $070^\circ/40^\circ S$. These two sub-parallel creeks are interpreted as following N.W. trending faults.

On what is now the Len 30 claim, at the helipad, the gritty quartzite unit is overlain by a thin bedded light grey limestone bed less than 80 feet thick with an attitude of $030^\circ/20^\circ N$. 


GOLD CUP RESOURCES LTD
and
TALLY RESOURCES INC
"Len" 27, 28, 29 & 30 Claims

TRENCH AND DRILL HOLE LOCATIONS

Scale: 1" - 200 feet
Date: 10 June 1979
By: D.R. Morgan, P. Eng.
Sources: Ref. 3. Claim locations scaled from Dept. of Northern Affairs Claim Map & are approximate.
The 17.2 miles of geochemical survey conducted by McDonald Consultants in 1969 revealed a strong, easterly trending, coincident lead, zinc and silver anomaly on what is now Len #2, 4, 30 & 32. Detailed mapping showed that partly caved trenches exposed a sideritic vein carrying galena with an apparent width of 35 feet. Later work showed that the dip of this vein was about 20° and its true width 9 feet.

The vein material is coarsely crystalline and strongly oxidized siderite with narrow stringers and veinlets of galena concentrated along the hanging and foot walls.

Five 5 foot samples cut in trenches across the vein averaged as follows: Ag:11.55 ozs/ton Pb:4.98% Zn:5.05% (ref.1) This indicates a silver ratio of 2.32 : 1.0

Work the following year (1974) consisted of further trenching and 235 feet of X-ray drilling in six holes. Recovery in these short holes (the longest was 46 feet) was only 30%.

Further mapping of the vein showed it to have a strike of 120° and a dip of 20° - 30° south. The down-dip extension to the south terminated at a reverse fault.

Further sampling of the vein resulted as follows: Ag: 4.03 ozs/ton Pb: 2.22% Zn: 4.09% This is a weighted average of four samples of varying widths from 2.0 feet to 7.5 feet. The silver ratio is 1.81 : 1.0 (ref.4)

Future work should not be concentrated on this vein, but should look for its extensions or repetitions to the east.

Respectfully submitted,

David R. Morgan, Geologist, P. Eng.
10 June 1979
REFERENCES:

1. Holcapek, Fred  "Geology, Jay 1-16," 17 November 1973, for Belmoral Mines Ltd.