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PRELIMINARY EVALUATION REPORT
ON THE

TALLY-HO MOUNTAIN PROPERTY
WHEATON RIVER
WHITEHORSE MINING DISTRICT
YUKON

FOR
TALLY-HO EXPLORATION LTD.
WHITEHORSE, YUKON

062191
PROSPECTUS
Dec. 18, 1984.

BY

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YUKON

• DAWSON

• CARMACKS

• FARO

HWY.

⊙ WHITEHORSE

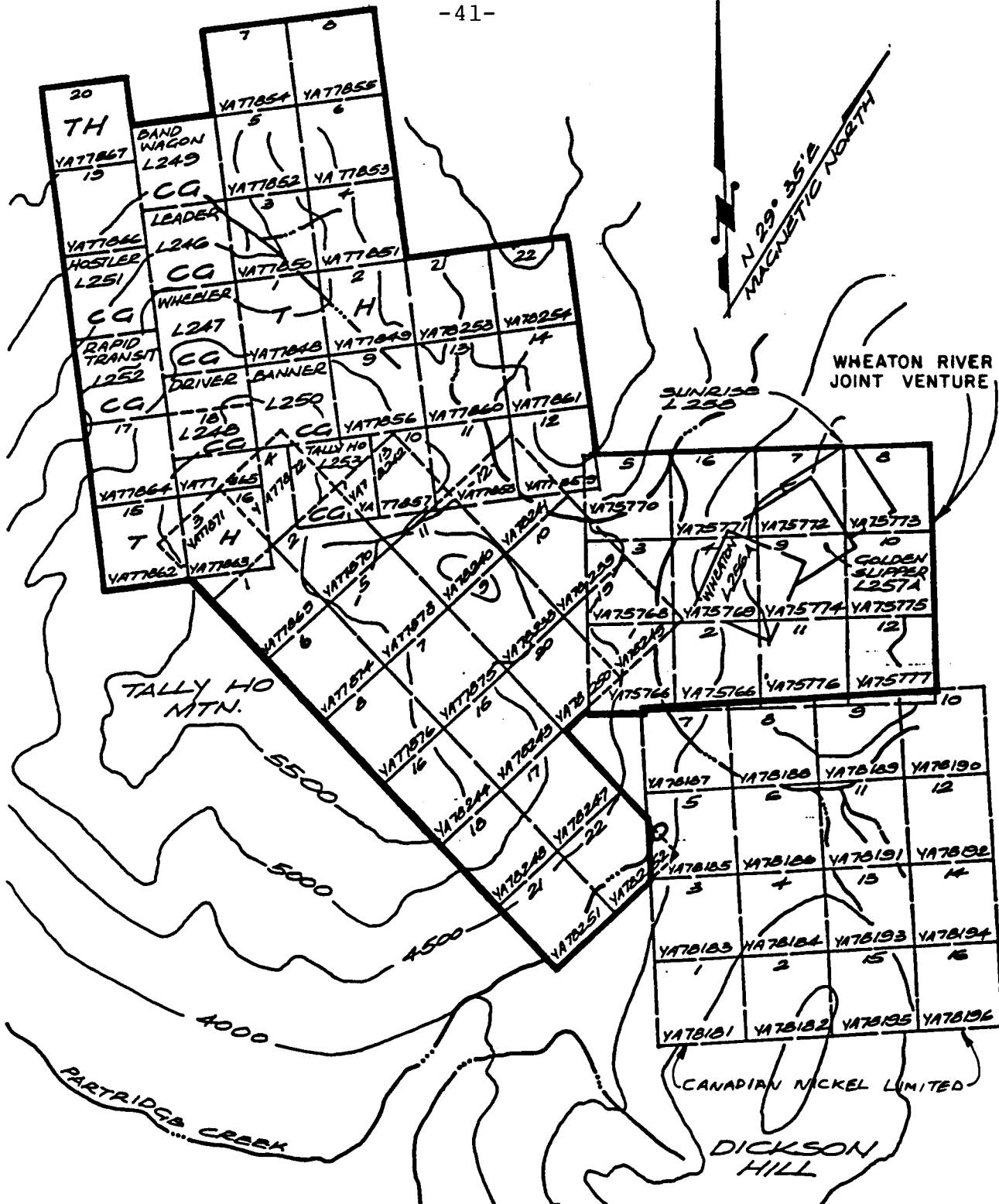
* • CARCROSS

ALASKA



WHEATON RIVER CLAIMS
TALLY HO EXPLORATION LTD.

LOCATION MAP N.T.S.



— Outline of claims controlled by TALLY HO EXPLORATION LTD.

TALLY HO EXPLORATION LTD.
 WHEATON RIVER CLAIMS
 WHITEHORSE MINING DIVISION
 ARCTIC ENGINEERING -
 SERVICES LTD.
 ATLIN B.C.

JAN. 1984
 1" = 1/2 MILE
 R.
 FIGURE # 2

INTRODUCTION

At the request of Mr. G. Macdonald, the writer examined the mineral claims held by Tally-Ho Exploration Ltd. in the Wheaton River district on October 6, 1983. The examination was conducted with the assistance of G. Macdonald and G. Harris.

The rocks exposed in the vicinity of the Tally-Ho 9 and 10 mineral claims were examined to locate the source of anomalous silver values indicated in a very preliminary geochemical traverse. Two grab samples were taken for assay from a zone which appears to be approximately 30-40 feet in width and striking east-west. Visually the rock samples appear to be an altered rhyolite with some malachite staining and minor disseminated galena.

Assay results for sample #1 returned 0.009 ozs. Au/ton, 155.2 ozs. Ag/ton 7.0% Pb and 0.2% Cu. Assay results for sample #2 returned 0.011 ozs. Au/ton, 55.9 ozs Ag/ton 2.42% Pb and 0.2% Cu. Thin sections of these samples indicate the main minerals to be galena, argentite and minor tetrahedrite.

The rehabilitated portion of the lower adit on the Leader Crown Grant claim was examined. It appears that the drift was driven to follow a narrow quartz lead in a fault zone approximately 4 feet wide. Virtually no mineralization in place was seen. A sample taken from the fault *garque?* gauge assayed 0.009 ozs. Au and 0.095 ozs. Ag. A sample of white quartz with some galena picked up in the debris at the front of the portal assayed 3.591 ozs. Au, 4.53 ozs. Ag and 5.25% Pb.

PROPERTY

Tally-Ho Exploration Ltd. controls 43 contiguous claims and 8 Crown Grant claims on Tally-Ho Mountain, described as follows:

<u>Claim Name</u>	<u>Number of Claims</u>	<u>Record Numbers</u>	<u>Expiry Date</u>
Tally-Ho 1-8	8	YA 77869-76	July 22, 1984
Tally-Ho 9-13	5	YA 78238-42	Aug. 17, 1984
Tally-Ho 15-16	2	YA 78243-44	Aug. 17, 1984
Tally-Ho 17-22	6	YA 78247-52	Aug. 19, 1984
T H 1-20	20	YA 77848-67	July 21, 1984
T H 21-22	2	YA 78253-54	Aug. 19, 1984
Leader C.G.	1	L 246	
Wheeler C.G.	1	L 247	
Driver C.G.	1	L 248	
Band Wagon C.G.	1	L 249	
Banner C.G.	1	L 250	
Hostler C.G.	1	L 251	
Rapid Transit C.G.	1	L 252	
Tally-Ho C.G.	1	L 253	

All claims are recorded on Map Sheet 105-D-3, Whitehorse Mining Division, Whitehorse, Yukon.

PHYSIOGRAPHY

The property is situated regionally within the eastern portion of the Coast Plutonic Complex and has very high relief, from steep canyons to high mountains.

Relief on the property is in the order of 900 meters, from 800 meters to 1700 meters. Drainage is into the Wheaton River via small creeks and seepages. The lower slopes to the 1100 meter elevation are covered with thick underbrush consisting of willows, alder and scrub conifers. Above the 1100 meter elevation, the slopes are grassy with some short arctic birch or buck brush. Bedrock exposures are mostly limited to steep canyon slopes and small drainage systems.

CLIMATE

Although no climatic records are available on the property, it is reported that conditions are somewhat similar to Carcross and Whitehorse. Average annual precipitation is approximately 35 centimeters. Temperatures range from -50° C in winter to 25° C in summer.

The great Klondike gold rush of 1898 led to construction of the White Pass Railway from Skagway, Alaska to Whitehorse, Yukon in the very early 1900's. With such an excellent transportation route into the district, the area was extensively prospected over the next few years. Lode gold and silver mineralization was located on Tally-Ho gulch and the original Crown Grant claims staked by C.I. Burnside, C.J. Irvine and L. Belney in 1907. During 1909 the locators drove a 250 foot adit plus short raises, winzes and crosscuts on the original discovery. A number of hand sorted shipments were made to the Tacoma Smelter between

1909 and 1921 although only one documented shipment can be confirmed. This was a shipment of 14,628 tons made over the winter of 1917-18 which assayed 2.34 oz./ton Au, 5.1 oz./ton Ag and 6.85% Pb. The Tally-Ho Mining Co. Ltd. was formed in 1921. Another 400 feet of adit was driven in 1923 and limited underground development continued until 1938. In 1929, the underground workings were reported to consist of an upper adit 400 feet in length and a lower crosscut 600 feet in length which did not intersect the vein exposed in the upper adit. The two adits are vertically approximately 85 meters apart.

In 1910, D.D. Cairnes of the G.S.C. reported "that the ore in Tally-Ho Gulch occurs in a brecciated fault zone 4 to 12 feet thick cutting granitic formation. The zone strikes northwest and dips to the northeast at 60 to 70 degrees. The granitic fragments of the fault breccia have been cemented by quartz, and a vein of quartz of varying thickness has been deposited along the footwall. The quartz carries considerable galena, and from \$9 to \$80 a ton in gold and silver. It is thought that a considerable percentage of the quartz will average \$20 to the ton in gold and silver."

The 8 original claims were converted to Crown Grant claims by the Tally-Ho Mining Co. Ltd. and were kept in good standing until 1966. In 1966 the claims were optioned to Silver Pack Mining Ltd. and another 100 claims staked to protect the group. Silver Pack attempted to rehabilitate both adits but were forced to give up on the upper adit because of caving conditions. The lower adit was rehabilitated for 87 feet before caving conditions halted advance. Five diamond drill holes totalling 1509 feet were drilled from the crosscut in the lower adit. Two short holes were drilled from the surface in 1967.

Yukon Revenue Mines Ltd. purchased the 8 Crown Grant claims in 1971 and subsequently sold them to Mr. H. Johannes of Whitehorse. The Crown Grants were acquired from Mr. Johannes by Tally-Ho Exploration Ltd. in 1982.

GEOLOGY

The geology of the area is well documented by D.D. Cairnes in G.S.C. Memoir 31, 1912 and J.O. Wheeler in G.S.C. Memoir 312, 1961.

The rocks outcropping on Tally-Ho Mountain are all members of the Coast Range Batholith. The granitic rocks vary somewhat in texture but apparently all represent different phases of the same magma. Coarse grained grey white granodiorite is exposed on Tally-Ho Mountain below the 1450 meter elevation. Sedimentary rocks consisting primarily of limestone, argillaceous siltstone and occasionally quartzite overly the granodiorite. A thin layer of volcanics composed of dacites and rhyolites cap the sedimentary rocks above the 1650 meter elevation.

The dominant structural features appear to be a series of steep isoclinal folds with a general north south axial plane.

Quartz Veins

White quartz veins on the Tally-Ho claims are confined primarily to the igneous rocks. Most of the veins seen on surface and in the lower adit on the Leader C.G. appear to vary from a few inches to 18 inches in width. Old records indicate that the vein which was high graded in the upper adit varied from 2 inches to 2 feet in width over a 40 foot length. Generally, the veins are typical discontinuous veins possibly somewhat enechelon in plan. Fault displacements are common.

It is interesting to note that a grab sample of galena and pyrite from the main adit taken by T. MacLean in 1912 assayed 0.7 ozs. Au/ton and 2.7 ozs. Ag/ton. Five grab samples taken by Silver Pack Mines Ltd. during adit rehabilitation in 1966 averaged 0.6 oz. Au/ton, 4.2 ozs. Ag/ton and 6.8% Pb.

1983 Field Work

During the 1983 field season Tally-Ho Exploration Ltd. conducted a preliminary exploration and prospecting program on and in the area surrounding the original Crown Grant claims on Tally-Ho Mountain. As a result of this program, 43 additional claims were staked to cover the area of geologic interest.

Late in the season, the tote road providing access to the lower adit on the Leader Crown Grant claim was repaired and a tent camp established near the portal. A small backhoe was moved to the site and utilized to dig out the caved portal and new portal timbers installed. However, the ground is extremely unstable and the adit badly caved beyond 80 feet. Further work planned in this area was cancelled due to poor ground conditions.

Several reconnaissance geochemical traverse lines were run along the claim line between the Tally-Ho 5 and 7 and Tally-Ho 11 and 9 claims on the east flank of Tally-Ho Mountain to intersect any possible southerly extensions of the ore zones exposed on the Leader Crown Grant claim.

Although this area was covered with several inches of snow at the time of the property examination, rock

exposures near the source of the anomalous silver values were closely examined. Generally, all the rocks in this area are fine grained blue-grey rhyolite. A zone striking east west and approximately 30 feet wide showing malachite stain and some fine grained galena was located. Snow conditions prevented tracing the mineralization over any strike length. Two large grab samples of this rock were taken for assay. Assay results are as follows:

<u>Sample No.</u>	<u>Au, ozs./ton</u>	<u>Ag, ozs./ton</u>	<u>Pb%</u>	<u>Cu%</u>
1	0.009	155.2	7.0	0.2
2	0.011	55.9	2.4	0.2

Check assays of the sample rejects agree very closely.

Preliminary thin section examination indicates that some of the fine grained dark mineral assumed to be galena is argentite. Prominent minerals are galena, argentite and chalcopyrite.

CONCLUSIONS

It is apparent that the claims held by Tally-Ho Exploration Ltd. in the Wheaton District of the Yukon warrant further exploration. The limited reconnaissance program conducted late in the 1983 field season has clearly indicated that:

- a) the limestone and rhyolite rocks overlying the granitic intrusive are suitable hosts for a high grade precious metals deposit. Their importance in the district has undoubtedly been overshadowed in previous exploration due to the initial discovery of high grade gold and silver values in the quartz veins exposed in the intrusive proper;
 - b) soil geochemistry is probably the most effective method of outlining anomalous zones worthy of detailed investigation;
 - c) rehabilitation of the old underground workings on the vein systems high graded early in the century is not cost effective due to the unstable nature of the fault breccia zones.
-

RECOMMENDATIONS

Priority should be given to the development of a detailed geological plan of the claim area, with particular emphasis placed on structural details within the limestone, rhyolite series of rocks overlying the intrusive. Preliminary prospecting and sampling indicates that the importance of these rock units has not been recognized during previous exploration in the area.

Soil sampling above the 1,300 meter elevation at 15 meter intervals is a necessity.

The terrain is ideally suited for dozer trenching of anomalous areas delineated.

The estimated cost of this program is detailed as follows:

Phase 1

Geologist and assistant, 2 months	\$ 20,000
Line grid, approx. 40 miles	7,000
Assaying, geochemical analyses Cu Ag	18,000
Dozer trenching	20,000
Diamond drilling 500 ft. HQ @ \$45/ft.	22,500
Contingency, 10%	<u>10,000</u>
	\$ <u>97,500</u>

Phase 2

Contingent upon the results of Phase 1 the following Phase 2 program is recommended:

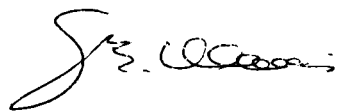
Geological studies	\$ 15,000
Trenching	15,000
Grid	5,000
Diamond drilling, approx. 2000 ft.	<u>65,000</u>
	\$ 100,000

CERTIFICATE OF QUALIFICATIONS

I, J.E. Wallis, of Box 59, Atlin, British Columbia, do certify that:

- 1- I am a registered Professional Engineer in good standing in the Association of Professional Engineers of British Columbia.
- 2- I am a graduate of the Haileybury School of Mines 1958, the University of Alaska, B.Sc. 1965 and Queen's University, M.Sc. (Eng) 1967.
- 3- I have been practicing my profession for 25 years and as a Professional Engineer for the past 16 years.
- 4- I do not have nor have I ever had any interest direct, indirect or contingent, in the shares of Tally-Ho Exploration Ltd., nor do I expect to receive any interest, either direct or indirect, in the properties or securities pertaining thereto.
- 5- I have personally visited the property reviewed in this report on two occasions and am familiar with the district.
- 6- I hereby grant my permission for Tally-Ho Exploration Company Limited to use this report for filing with the Vancouver Stock Exchange as partial requirement of a Statement of Material Facts or for any legal purposes normal to the business of Tally-Ho Exploration Ltd.

Dated at Atlin, British Columbia, this 09th day of January, 1984.



J.E. Wallis, P. Eng.