

MAP No.

105 B 10

ASSESSMENT REPORT
PROSPECTUS
CONFIDENTIAL
OPEN FILE



DOCUMENT NO.: 091960

MINING DISTRICT: WATSON LAKE

TYPE OF WORK: TRENCHING, GEOLOGICAL

REPORT FILED UNDER: Tally Ho Exploration Co. Ltd.

DATE PERFORMED: Aug. 13-21, 1987

DATE FILED: October 22, 1987

LOCATION	LAT.	60°32'N
	LONG.	130°40'W

AREA:

CLAIM NAME & NO.

AG	1-2	YA25611-612
MN	1-48	YA90333-380

VALUE \$ 9,850.00

WORK DONE BY: M.A. Fekete

WORK DONE FOR: Tally Ho Exploration Co. Ltd.

REMARKS: #59 BINGY (COM 45-53)

ASSESSMENT REPORT

CABIN CREEK PROPERTY

09 1960



This report has been examined by
the Geological Evaluation Unit
under Section 53 (4) Yukon Quartz
Mining Act and is allowed as
representation work in the amount
of \$ 9,850.00.

D D Emend

for Regional Manager, Exploration and
Geological Services for Commissioner
of Yukon Territory.

ASSESSMENT REPORT

CABIN CREEK PROPERTY
(AG 1-2, MN 1-48 Claims)
NTS 105-B-11
Latitude 60°32'N, Longitude 130°40'W
Watson Lake Mining District

For:
TALLY HO EXPLORATION CO. LTD.
CROESUS RESOURCES LTD.

By:
MARK A. FEKETE, B.Sc.
September 1987

09 1960

TABLE OF CONTENTS

	Page
INTRODUCTION	1
GENERAL DESCRIPTION OF PROPERTY	2
PROPERTY	3
REGIONAL GEOLOGY	4
EXPLORATION HISTORY	5
1987 EXPLORATION PROGRAM	6
1. Introduction	6
2. Trenching	6
3. Prospecting and Geology	8
DISCUSSION	12
RECOMMENDATIONS	13
REFERENCES	14

List of Tables

Table I	TRENCH DIMENSIONS	7
Table II	SAMPLE ASSAYS AND DESCRIPTIONS	8

List of Figures

Figure 1	LOCATION MAP
Figure 2	CABIN CREEK PROPERTY - Claim Plan
Figure 3	PROPERTY PLAN - showing main zones
Figure 4	ZONE 1 - Trench Locations
Figure 5	ZONE 2 - Sample Locations
Figure 6	ZONE 3 - Sample Locations
Figure 7	ZONE 4 - Sample Locations
Figure 8	ZONE 5 - Sample Locations

List of Appendices

Appendix I	STATEMENTS OF QUALIFICATION
Appendix II	ASSAY CERTIFICATES
Appendix III	STATEMENT OF COSTS
Appendix IV	REMOTE SENSING IMAGE

INTRODUCTION

The CABIN CREEK property consists of fifty (50) mineral claims in the Rancheria area of southern Yukon. It is held under the terms of an Option Agreement with Harry Versluce by Tally Ho Exploration Co. Ltd. of Whitehorse, Yukon. Croesus Resources Ltd. and Tally Ho are exploring the property in a joint venture.

A program of blast trenching, rock sampling and geological mapping was completed between August 13 and 21, 1987. Gordon Clark & Associates Ltd. supplied a two-man blasting crew and the writer compiled and supervised the exploration program under the direction of Graham Davidson, consultant to Tally Ho Exploration Co. Ltd.

This report describes the trenching and sampling program, discusses the results of the program and recommends some methods to be considered in planning future exploration on the property.

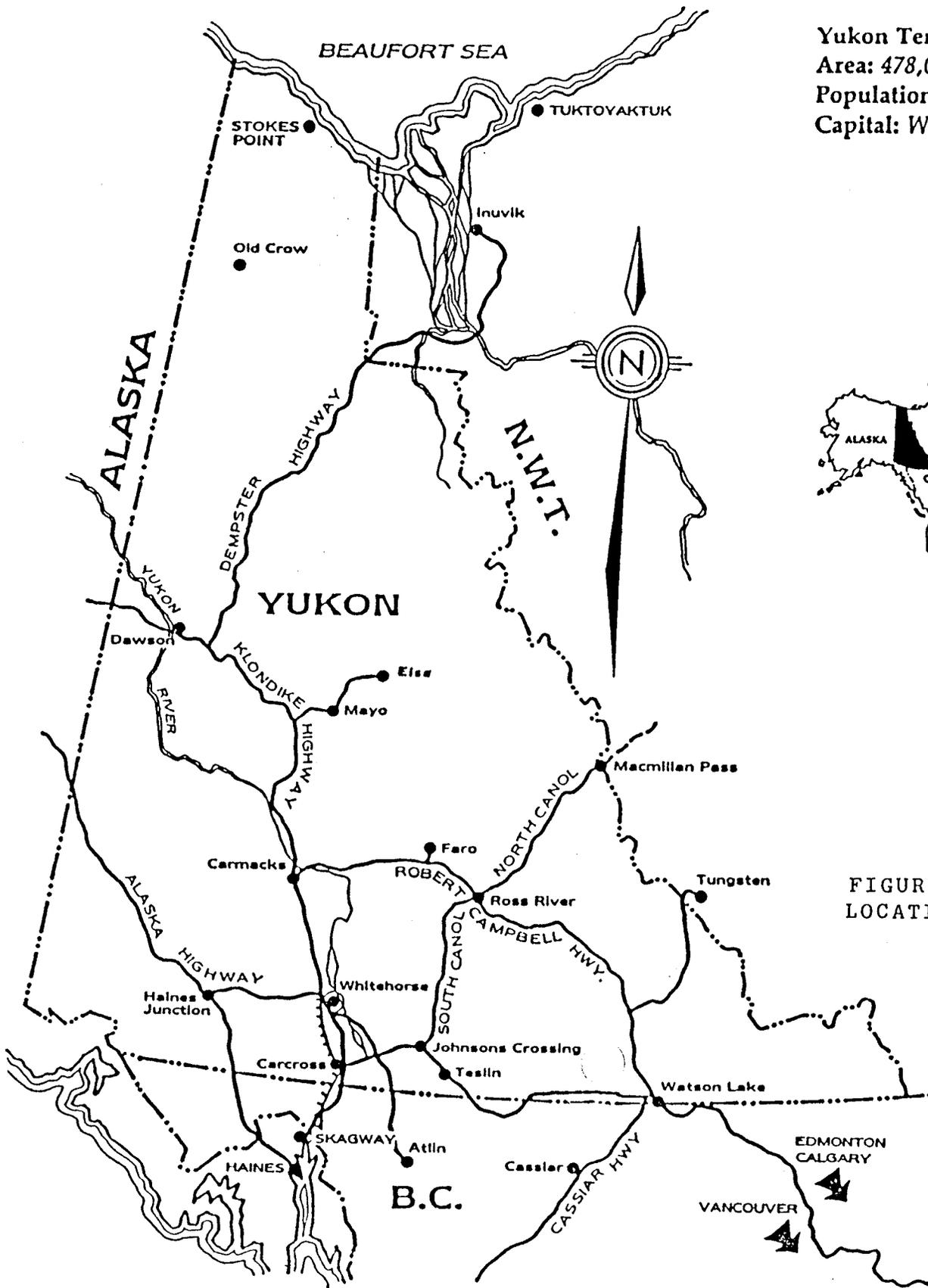
GENERAL DESCRIPTION OF THE PROPERTY

The CABIN CREEK property is located about 115 kilometers west-northwest of Watson Lake on NTS Map Sheet 105-B-11 at geographical coordinates 60°32'N latitude and 130°40'W longitude. Refer to Figure 1 for property location. The property is accessible by helicopter from Rancheria on the Alaska Highway (50 km) or from Watson Lake (115 km).

The area of the property is characterized by steep valley walls, often with cliff faces and broad, gently rounded upper slopes with little outcrop and extensive felsenmeer. Elevations range from 1,300 m (4,000') to 1,950 m (6,100'), a total relief of 650 m.

Most of the area is above treeline and partially covered by grasses, mosses and lichens. Lower slopes and valley floors feature extensive willow and birch buckbrush with scattered spruce and balsam fir.

Winters are long and severe. Summer weather tends to be cool with daily highs in the 15-20°C range. Average annual precipitation is 50 cm.



Yukon Territory
 Area: 478,034 sq. km.
 Population: 25,000
 Capital: Whitehorse

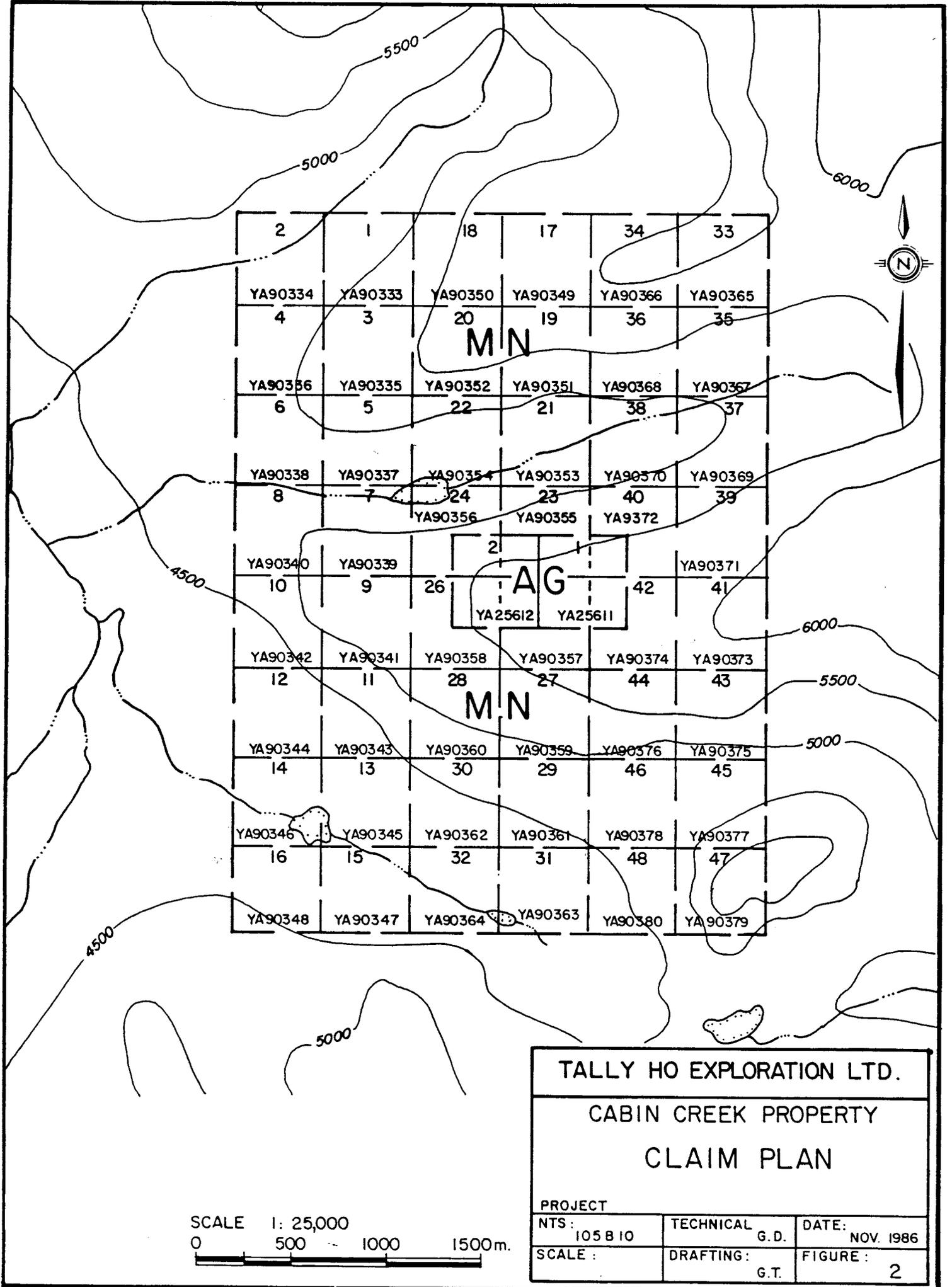


FIGURE 1
 LOCATION MAP

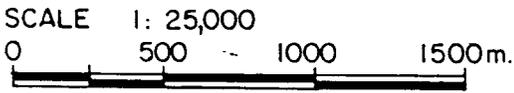
PROPERTY

The AG 1-2 claims (YA25611-YA25612) are owned by Harry Verslucce.
The MN 1-48 claims (YA90333-YA90380) are registered to Tally Ho Explora-
tion Co. Ltd. These claims make up the CABIN CREEK property and are
recorded at the office of the Watson Lake District Mining Recorder.

Refer to Figure 2 for claim plan.



TALLY HO EXPLORATION LTD.		
CABIN CREEK PROPERTY CLAIM PLAN		
PROJECT		
NTS: 105 B 10	TECHNICAL G.D.	DATE: NOV. 1986
SCALE:	DRAFTING: G.T.	FIGURE: 2



REGIONAL GEOLOGY

W. H. Poole, J. A. Roddick and L. K. Green of the Geological Survey of Canada mapped the Wolf Lake Map Sheet (105-B) in 1951-1959. The district is underlain by: folded and thrusting miogeosynclinal Late Proterozoic to Devonian clastic and carbonate rocks of the Cassiar Platform; by allochthonous assemblages of sheared ultramafic, volcanic, sedimentary and intrusive rocks accreted onto North America during Arc continent collision in the Mesozoic era; and by intermediate Cretaceous intrusions. Large, regionally continuous, northwest-trending, trans-current faults with dextral displacements crosscut the region and range from Jurassic to Tertiary age. Silver-bearing deposits in the Rancheria district are interpreted as Late Cretaceous and/or early Tertiary in age and are related to faults (Abbott, 1983).

The CABIN CREEK property is underlain by Mid-Cretaceous biotite-muscovite granodiorites. Biotite schist and gneiss of Cambrian or earlier age occur as thin lenses. The granodiorites and schist to gneisses are crosscut by pegmatitic and granitic dykes associated with the Mid-Cretaceous intrusives.

EXPLORATION HISTORY

The area was staked as the BINGY 1-18 claims for Hudson Bay Exploration in 1974 to cover several showings of silver-rich galena. These showings were discovered during follow-up prospecting of anomalous lead values recorded in reconnaissance soil sampling. Hudson Bay completed a program of soil sample, ground magnetic and EM-16 surveys in 1975. Three zones of mineralization were outlined with significant silver values. However, no further work was completed and the claims were allowed to lapse.

The AG 1-2 claims were staked by Harry Versluce in 1977. More recently, Comaplex Resources staked the "COM" group of claims. The COM 45-53 claims were examined by Guy Allen, P.Eng. for Comaplex Resources and, based upon his report, the claims were allowed to lapse.

Tally Ho staked the MN 1-48 claims as part of an option agreement with Harry Versluce in 1985. In 1986, Tally Ho completed a prospecting and geochemical program centered upon the three zones outlined by Hudson Bay Exploration. Based on the 1986 program results, the 1987 blast trenching program was recommended and initiated.

1987 EXPLORATION PROGRAM

1. Introduction

The 1987 exploration program consisted mainly of blast trenching and trench sampling. Regional prospecting and cursory local geological mapping were also part of the program.

2. Trenching

Two zones, Zone 1 and Zone 2, outlined in the 1986 field season, were trenched by blasting and hand mucking. A third area, outlined by the writer during the 1987 field season and designated as Zone 4, was also trenched.

A total of 11 trenches were completed: six in Zone 1, four in Zone 2 and one in Zone 4.

Trench dimensions are recorded in Table I.

TABLE I
TRENCH DIMENSIONS

<u>Zone</u>	<u>Trench</u>	<u>Length (m)</u>	<u>Width (m)</u>	<u>Depth (m)</u>	<u>Volume (m³)</u>
1	1	3.5	2.5	2	17.5
	2	3	3	2	18.0
	3	4	2.5	2	20.0
	4	3	1.5	1	4.5
	5	3	1.5	1	4.5
2	1	3	1.5	2	9.0
	2	4	1.5	1	6.0
	3	3	2	1	6.0
	4	3	1.5	1	4.5
4	1	4	2	1.5	12.0

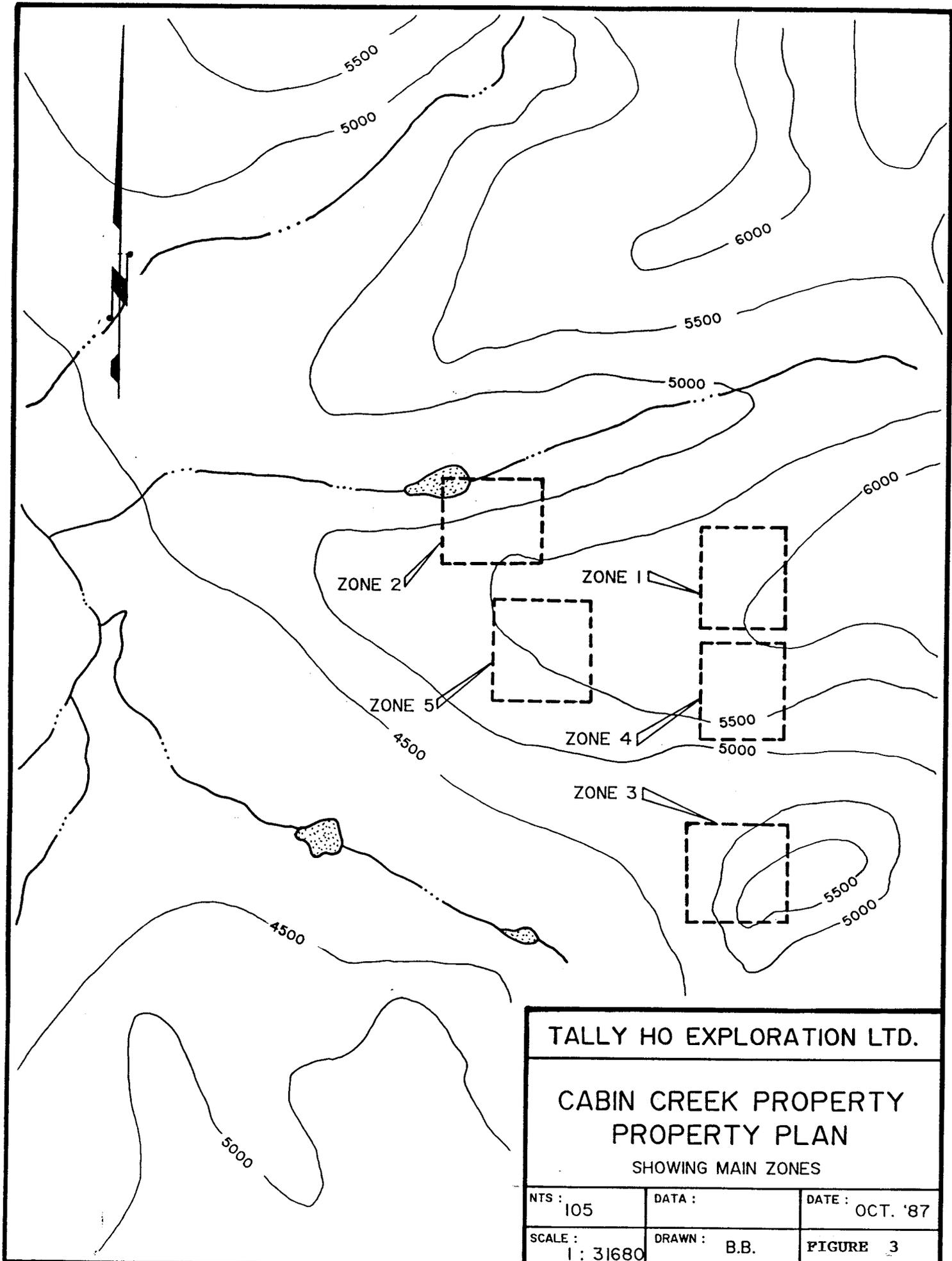
TOTAL VOLUME 102 m³

3. Prospecting and Geology

A total of 33 rock samples were collected during the 1987 exploration program. Refer to Table II for assay results and descriptions of the rock samples. Sample locations appear on following figures.

Table II
Sample Assays and Descriptions

<u>Sample</u>	<u>Ag oz/ton</u>	<u>% Pb</u>	<u>% Zn</u>	<u>Description</u>
34926	0.02	0.02	10.01	Quartz material with dark sooty mineral
34927	0.13	0.07	0.10	Zone 4 - grab of rusty to black manganese oxide with vuggy spaces
34928	1.74	1.85	0.33	Zone 4 - float of rusty to sooty manganese oxide with coxcomb quartz in vugs
34929	0.02	0.01	10.01	Grab of rusty quartz/biotite pegmatite
34930	0.06	0.03	0.01	Float of rusty manganese oxide
34931	9.01	0.58	0.14	Zone 5 - grab of manganese oxide with minor galena from old pit dump
34932	1.84	1.09	1.15	Zone 5 - grab of manganese oxide with rusty vuggy spaces from old pit dump
34933	14.9	8.42	2.28	Zone 1 - trench 1 - 0.1 m of rusty, galena bearing vein
34934	0.18	0.11	1.68	Zone 1 - trench 1 - 1.0 m of green clay gouge material
34935	2.89	0.96	5.36	Zone 1 - trench 1 - 0.1 m of black manganese oxide material within vein



TALLY HO EXPLORATION LTD.		
CABIN CREEK PROPERTY PROPERTY PLAN		
SHOWING MAIN ZONES		
NTS : 105	DATA :	DATE : OCT. '87
SCALE : 1 : 31680	DRAWN : B.B.	FIGURE 3

<u>Sample</u>	<u>Ag</u> <u>oz/ton</u>	<u>% Pb</u>	<u>% Zn</u>	<u>Description</u>
34936	58.9	29.0	3.23	Zone 1 - trench 1 - 0.1 m of rusty, galena bearing vein
34937	0.48	0.33	0.29	Zone 1 - trench 1 - 1.0 m of sandy, decomposed biotite schist
34938	3.84	2.55	4.65	Zone 1 - trench 1 - 0.1 m of black manganese oxide material
34939	0.71	0.37	0.37	Zone 1 - trench 1 - 1.0 m of sandy, decomposed biotite schist
34940	0.29	0.13	0.06	Zone 1 - trench 2 - grab of pink granitic to pegmatitic clay material
34941	0.24	0.14	0.03	Zone 1 - trench 2 - grab of sandy, decomposed biotite schist
34942	0.08	0.06	0.02	Zone 1 - trench 2 - grab of granitic to pegmatitic clay material
34943	0.34	0.21	0.03	Zone 1 - trench 2 - grab of sandy, decomposed biotite schist
34944	2.35	1.55	0.71	Zone 1 - trench 3 - grab of manganese oxide material from pit dump
34945	0.21	0.38	0.13	Zone 1 - trench 3 - grab of decomposed quartz muscovite pegmatite material
34946	6.56	4.37	1.82	Zone 1 - trench 3 - grab of manganese oxide with blebs of galena
34947	2.49	1.90	0.92	Zone 1 - trench 3 - grab of very black manganese oxide material
34948	0.32	0.12	0.07	Zone 4 - trench 1 - 1.0 m of rusty clay gouge material; HW to vein
34949	1.45	0.93	0.36	Zone 4 - trench 1 - 0.2 m of black manganese oxide material with golfball sized blebs of galena
34950	0.10	0.05	0.08	Zone 4 - trench 1 - 0.8 m of rusty, sandy, decomposed granitic material

<u>Sample</u>	<u>Ag</u> <u>oz/ton</u>	<u>% Pb</u>	<u>% Zn</u>	<u>Description</u>
34951	0.03	0.04	0.06	Zone 4 - trench 1 - 0.5 m of brecciated quartz material with rusty to black oxides
34952	0.03	0.03	0.03	Zone 4 - trench 1 - 0.6 m of very broken, decomposed quartz biotite schist
34953	0.28	0.10	0.13	Zone 2 - trench 1 - grab of manganese oxide material in brown soil
34954	0.24	0.02	0.09	Zone 2 - trench 1 - grab of biotite schist in brown soil
34955	3.76	3.31	0.14	Zone 2 - trench 2 - grab of broken bedrock tallus with blebs of galena
34956	18.2	9.35	2.10	Zone 2 - trench 2 - grab of rusty biotite schist with blebs of galena
34957	0.10	0.12	0.06	Zone 2 - trench 3 - grab of rusty biotite schist
34958	0.06	0.03	0.02	Zone 2 - trench 3 - grab of rusty biotite schist

ZONE I

The trenches blasted on Zone 1 were sampled and mapped at a scale of 1:250. Refer to Figure 4 for trench locations and Figure 5 for sample locations. Both sampling and mapping were hampered by the poor quality of the trenches. Overburden of tallus and weathered bedrock proved to be very thick and in general prevented effective trenching. However, a vertically dipping vein 0.2 m thick trending at roughly 330° was uncovered in Trench 1 consisting of galena-bearing rusty to black manganese oxide. Samples of this vein returned values of 58.90 oz/ton Ag. A second structure is indicated in Trench 3 by the abundance of manganese oxide and galena but was not observed in place. Material from this trench returned values up to 6.56 oz/ton Ag. The other trenches in this area barely penetrated the overburden of felsenmeer and showed little or no mineralization.

1+00 W

0+00

1+00 E

1+00 N

0+00

1+00 S

TRENCH 5

TRENCH 1

TRENCH 2

TRENCH 4

TRENCH 3

TALLY HO EXPLORATION LTD.

CABIN CREEK PROPERTY
ZONE I - TRENCH LOCATIONS

NTS : 105 B 10

DATA : M.A.P.

DATE : OCT. '87

SCALE : 1 : 1000

DRAWN : B.B.

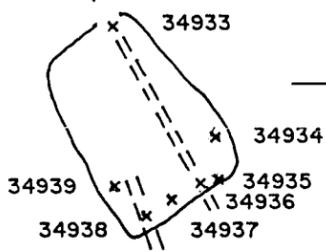
FIGURE : 4

0+20 W

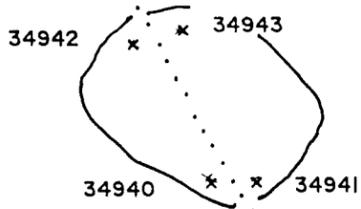
0+00

0+20 E

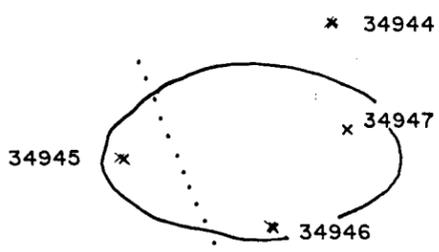
0+00



TRENCH 1



TRENCH 2



TRENCH 3

0+50 S

TALLY HO EXPLORATION LTD.

CABIN CREEK PROPERTY
ZONE I - SAMPLE LOCATIONS

1215

NTS : 105 B 10	DATA : M.A.F.	DATE : OCT. '87
SCALE : 1 : 250	DRAWN : B.B.	FIGURE : 5

ZONE 2

The trenches in Zone 2 were sampled and mapped at a scale of 1:1000. Refer to Figure 6 for trench locations. Zone 2 lies on a steep north slope and is overlain by substantial talus. Blasting failed to adequately penetrate the talus. Only Trench 2 revealed any mineralization: unoxidized blebs of galena assaying up to 18.2 oz/ton Ag. No obvious structures were observed.

ZONE 3

No work was undertaken on this showing in 1987.

ZONES 4 and 5

Prospecting within the claim group resulted in the discovery of one new zone of galena-bearing manganese oxide and the re-discovery of another zone marked by old pit dumps of manganese and goethite oxide material. These showings were designated as Zone 4 and Zone 5 respectively; both were mapped at a scale of 1:1000. Refer to Figure 7 (Zone 4) and Figure 8 (Zone 5).

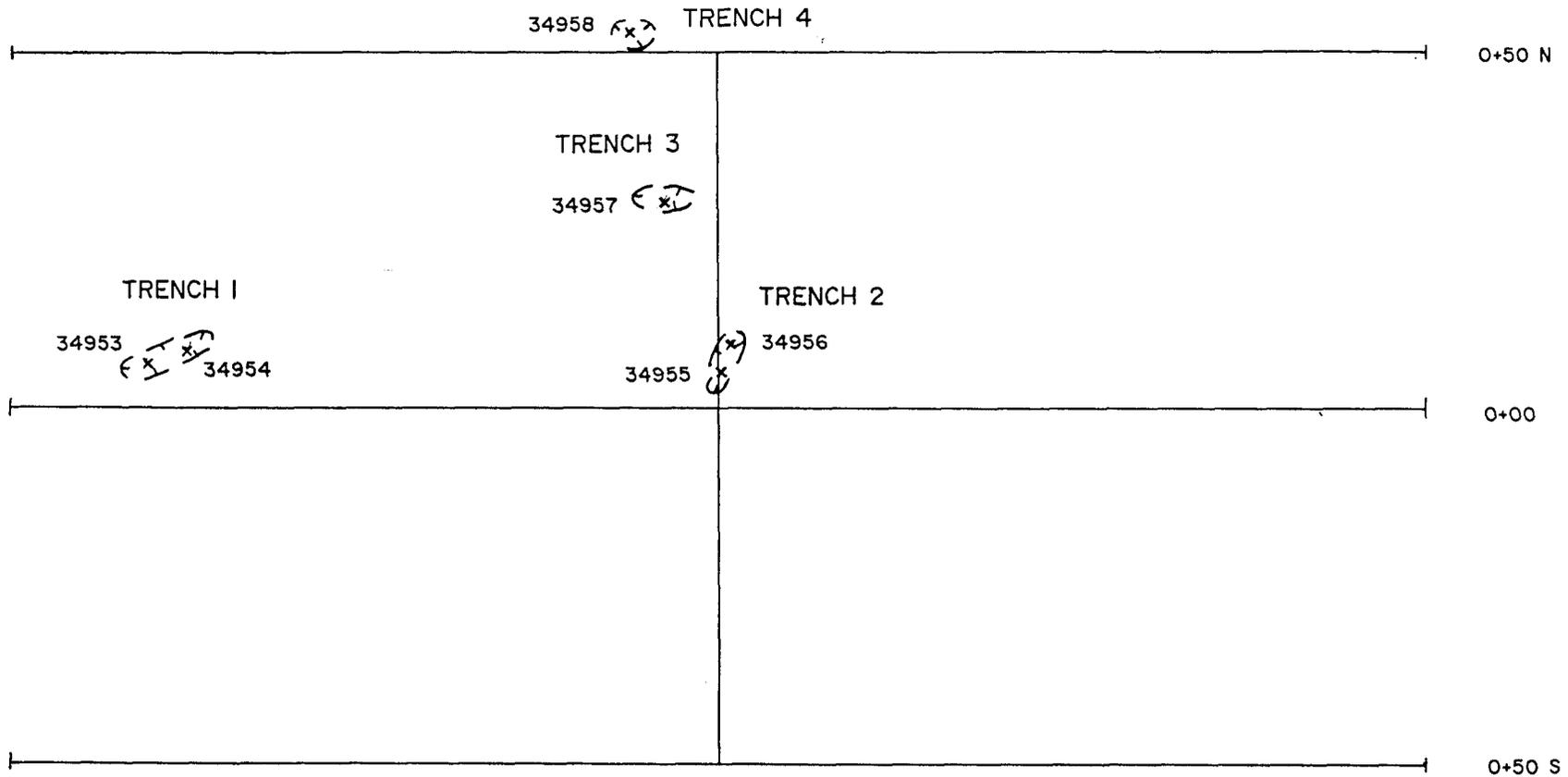
A trench blasted on Zone 4 revealed a narrow vein (0.2 m) of vuggy black manganese oxide with golfball sized blebs of galena. The vein strikes roughly north to northwest, parallel to faulting within the zone, and dips vertically. Zone 5 is marked by six old pits. Samples were collected from the dumps of the two deepest pits. Faulting in this area trends about 330°.

Showings of galena-rich manganese oxide are located along strong northwesterly trending faults. Zones 1 and 4 appear to lie on the same structure marked by a linear depression on the mountainside. A second northwesterly trending fault may connect Zones 4 and 5.

100 W

0+00

1+00 E

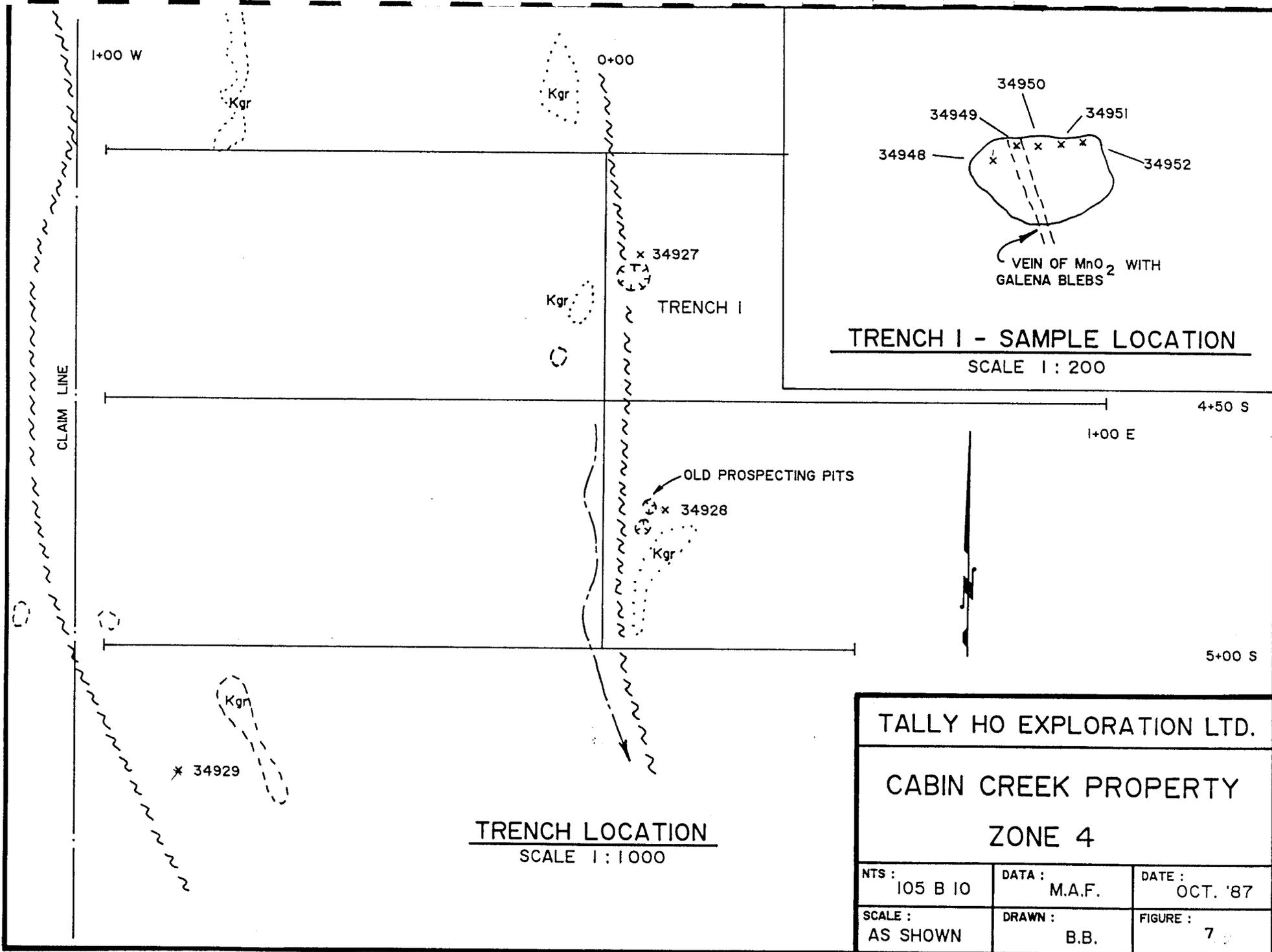


TALLY HO EXPLORATION LTD.

CABIN CREEK PROPERTY
ZONE 2

NTS : 105 B 10	DATA : M.A.F.	DATE : OCT. '87
SCALE : 1 : 1000	DRAWN : B.B.	FIGURE : 6

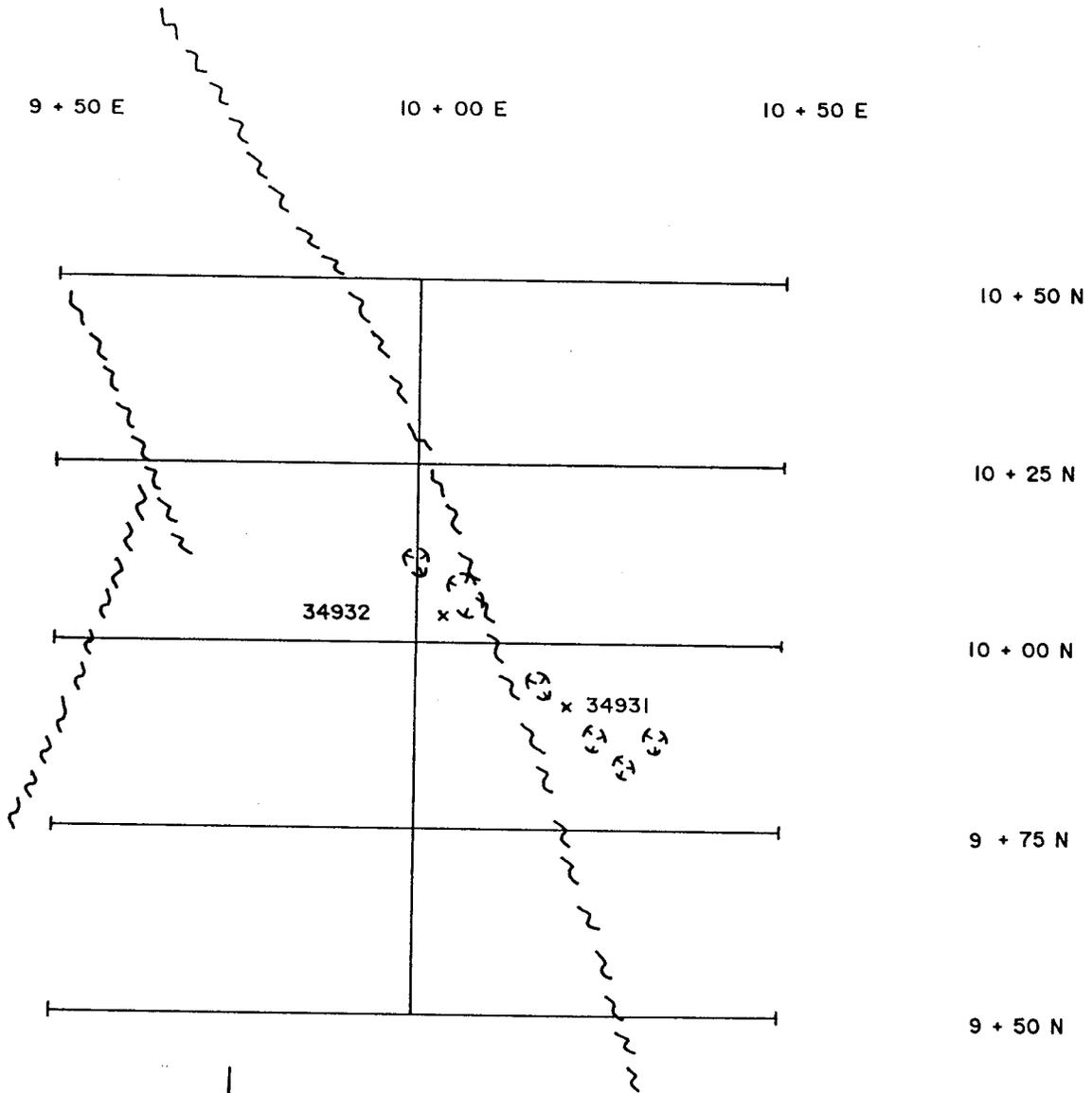
INTEGRAPHICS LTD.



TRENCH I - SAMPLE LOCATION
SCALE 1 : 200

TRENCH LOCATION
SCALE 1 : 1000

TALLY HO EXPLORATION LTD.		
CABIN CREEK PROPERTY		
ZONE 4		
NTS : 105 B 10	DATA : M.A.F.	DATE : OCT. '87
SCALE : AS SHOWN	DRAWN : B.B.	FIGURE : 7



⊗ DENOTES OLD PROSPECTING PITS

TALLY HO EXPLORATION LTD.		
CABIN CREEK PROPERTY ZONE 5		
NTS : 105 B 10	DATA : M.A.F.	DATE : OCT. '87
SCALE : 1 : 1000	DRAWN : B.B.	FIGURE : 8

DISCUSSION

The 1987 exploration program involved blast trenching on three zones of galena bearing manganese oxide. Unfortunately, the blast trenching was unable to reach bedrock due to deeper than expected overburden.

Rock samples collected from these trenches and from surface produced reasonably significant silver assays.

Mapping within the manganese oxide zones suggests that there is a distinct correlation between mineralization and north to northwest trending faults. This type of model is consistent with that of mineralized vein fault structures present on nearby properties. Faults mapped on the property appear to be fairly continuous and may extend through several mineralized zones.

RECOMMENDATIONS

A more extensive trenching program should be undertaken next season to locate and outline mineralization in bedrock. A backhoe or small bulldozer with ripper would be best suited for such a program.

At present there are five zones of interest which are mapped on separate grids. All five zones should be tied into one large grid for proper control. Such a grid would also facilitate soil geochemistry or geophysical surveys. In particular, a VLF-EM survey may be useful for outlining and extending fault structures to which mineralization is apparently related.

REFERENCES

ABBOTT, J. G., 1983: Silver-bearing veins and replacement, rancheria District. Yukon Exploration and Geology, 1983; pp 34-44.

ALLEN, G., 1979: Report of investigations on the COM 21-26 claims, Irvine Lake area. Assessment Report No. 09064, Northern Affairs, Whitehorse; (unpubl.)

DAVIDSON, G.S., 1987: Assessment report, Silver Creek Property, NTS 105-B-11, latitude 60°37'N, longitude 131°06'W, Watson Lake Mining District, Yukon; (unpubl.)

DAVIDSON, G. S., 1986: Geological and geochemical assessment report, Cabin Creek property (MN 1-48, AG 1-2 claims), NTS 105-B-11, latitude 60°32'N, longitude 130°40'W, Watson Lake Mining District, Yukon; (unpubl.)

APPENDIX I

STATEMENT OF QUALIFICATIONS

STATEMENT OF QUALIFICATIONS

I, **MARK A. FEKETE**, of the City of Whitehorse in the Yukon Territory, hereby certify:

THAT I am a contract geologist AND THAT I participated in the work described in this report, under the supervision of Graham Davidson.

THAT I am a graduate of the University of British Columbia (B.Sc., Geology, 1986).

THAT I have been active in mineral exploration in various capacities on a full-time and part-time basis for nine years in the Yukon Territory.

SIGNED at Whitehorse, Yukon, this 14th day of October, 1987.

A handwritten signature in black ink, appearing to read "Mark A. Fekete", written over a horizontal line.

MARK A. FEKETE, B.Sc.

STATEMENT OF QUALIFICATIONS

I, GRAHAM DAVIDSON, of the City of Whitehorse in the Yukon Territory, hereby certify:

THAT I am a consulting geologist AND THAT I caused to be performed the work described in this report;

THAT I am a graduate of the University of Western Ontario (H.B.Sc. Geology, 1981);

THAT I am registered as a Professional Geologist by the Association of Professional Engineers, Geologists and Geophysicists of Alberta (NO. 42308);

THAT I have been engaged in mineral exploration on a full-time and part-time basis for seven years, of which five have been in the Yukon and Northwest Territories.

SIGNED at Whitehorse, Yukon Territory, this 14 day of October, 1987.



G.S. DAVIDSON, P.Geol.

APPENDIX II

ASSAY CERTIFICATES



BONDAR-CLEGG & COMPANY LTD.

136B INDUSTRIAL RD, WHITEHORSE, YUKON Y1A 2V1

PHONE: (403) 667-6523

Certificate of Analysis

TO Graham Davidson

REPORT NO. 47-6721

DATE Aug 31, 1987

I hereby certify that the following are the results of analyses made by us upon the herein described rock samples

MARKED	oz/ton	%	%						
	Ag	Pb	Zn						
34926	0.02	0.02	10.01						
34927	0.13	0.07	0.10						
34928	1.74	1.85	0.33						
34929	0.02	0.01	10.01						
34930	0.06	0.03	0.01						
34931	9.01	0.58	0.14						
34932	1.84	1.09	1.15						
34933	14.9	8.42	2.28						
34934	0.18	0.11	1.68						
34935	2.89	0.96	5.36						
34936	58.9	29.0	3.23						
34937	0.48	0.33	0.29						
34938	3.84	2.55	4.65						
34939	0.71	0.37	0.37						
34940	0.29	0.13	0.06						
34941	0.24	0.14	0.03						
34942	0.08	0.06	0.02						
34943	0.34	0.21	0.03						
34944	2.35	1.55	0.71						
34945	0.21	0.38	0.13						

BONDAR-CLEGG & COMPANY LTD.

..... *John R.*



Certificate of Analysis

TO Graham Davidson

REPORT NO. 47-6721 Pg. 2

DATE Aug. 31, 1987

I hereby certify that the following are the results of analyses made by us upon the herein described rock samples

MARKED	oz/ton	%	%						
	Ag	Pb	Zn						
34946	6.56	4.37	1.82						
34947	2.49	1.90	0.92						
34948	0.32	0.12	0.07						
34949	1.45	0.93	0.36						
34950	0.10	0.05	0.08						
34951	0.03	0.04	0.06						
34952	0.03	0.03	0.03						
34953	0.28	0.10	0.13						
34954	0.24	0.02	0.09						
34955	3.76	3.31	0.14						
34956	18.2	9.35	2.10						
34957	0.10	0.12	0.06						
34958	0.06	0.03	0.02						

BONDAR-CLEGG & COMPANY LTD.

John R.

APPENDIX III

STATEMENT OF COSTS

STATEMENT OF COSTS

August 13-21, 1987:

Blasting crew and supplies (Gordon Clark & Associates)	\$ 7,879.76
Frontier Helicopters:6.9 hourss - Jet Ranger	3,852.96
TOTAL COSTS	<u>\$11,732.72</u>

APPENDIX IV

REMOTE SENSING IMAGE



SCALE 1: 93307, 1: 66141 SIZE: 17.4KM, 12.3KM OFFSET: . KM, . KM
FILE: CABINFLT.PIX CREATED: 01-SEP-87 TAPE ID: DATE: 9-SEP-87
RED: TOTAL ENCODES: 4 LAST BITMAP: PLOTTING
GREEN: VD CHAN: 2
BLUE: VD CHAN: 3
LINEAMENT PLOT

(PAGE)