

093743

YGC RESOURCES LTD.
110 INDUSTRIAL ROAD
WHITEHORSE, YUKON TERRITORY
Y1A 2T9

PELLY RIVER PROJECT

MAY 1, 1997 GEOLOGICAL AND
LITHOGEOCHEMICAL REPORT

ON THE

LOU 1-8 AND LASSIE 1-32
MINERAL CLAIMS

In The

WHITEHORSE MINING DISTRICT

YUKON TERRITORY

NTS 105 K/2&3
Latitude 62°08' N Longitude 132°57' W



R. Stroshein, P. Eng.

October 10, 1997

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 \$ 4,400.00.

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

TABLE OF CONTENTS

	Page
1.0 SUMMARY	1
2.0 INTRODUCTION	1
2.1 Location, Access, and Physiography	1
2.2 Property Definition and Claim Status	3
3.0 HISTORY	3
4.0 REGIONAL GEOLOGY	3
5.0 PROPERTY GEOLOGY AND MINERALIZATION	5
6.0 LITHOGEOCHEMICAL SAMPLING	7
7.0 CONCLUSIONS AND RECOMMENDATIONS	8
8.0 SUMMARY OF EXPENDITURES	9
9.0 REFERENCES	9

APPENDIX 1 STATEMENT OF QUALIFICATIONS

APPENDIX 2 ROCK SAMPLE DESCRIPTIONS

APPENDIX 3 ANALYTICAL RESULTS

FIGURES

Figure 1 Location Map	2
Figure 2 Claim Map	4
Figure 3 Geology Map	6

1. SUMMARY

The Lou and Lassie claims are located along the Pelly River within the Tintina Trench between Ross River and Faro, Yukon Territory, Figure 1. The claims are underlain by sedimentary rocks which were deposited along the contemporaneous Vangorda Fault, a strand of the Tintina Fault system.

Anomalous geochemical gold values have been obtained from silicified, pyritiferous, calcareous, brecciated sandstone, siltstone, conglomerate, and limestone beds at two localities on the property. Gold values from outcrop assay up to 820 ppb and typically range from above detection to 200 ppb. Anomalous levels of arsenic, antimony, mercury, and silver indicate a possible plutonic relationship for the mineralization which is typical of sediment hosted disseminated gold (SHDG) type deposits.

Detailed geological mapping, litho-geochemical sampling, systematic soil sampling, and geophysical surveys are recommended to evaluate the claims.

2. INTRODUCTION

The Lou and Lassie claims are located along the Pelly River approximately 30 kilometres northwest of Ross River, Yukon Territory. The property consists of 40 quartz claims owned by Allen Carlos of Whitehorse. YGC Resources Ltd. (YGC) has acquired an option to earn a 100 % interest in the property. The claims were staked to cover the trace of the Vangorda Fault in the area of several mineralized gold showings.

The objective of the present sampling program was to determine the possible extent of the mineralization, obtain some background litho-geochemical assay results, summarize available data, and prepare an orientation survey to guide future exploration.

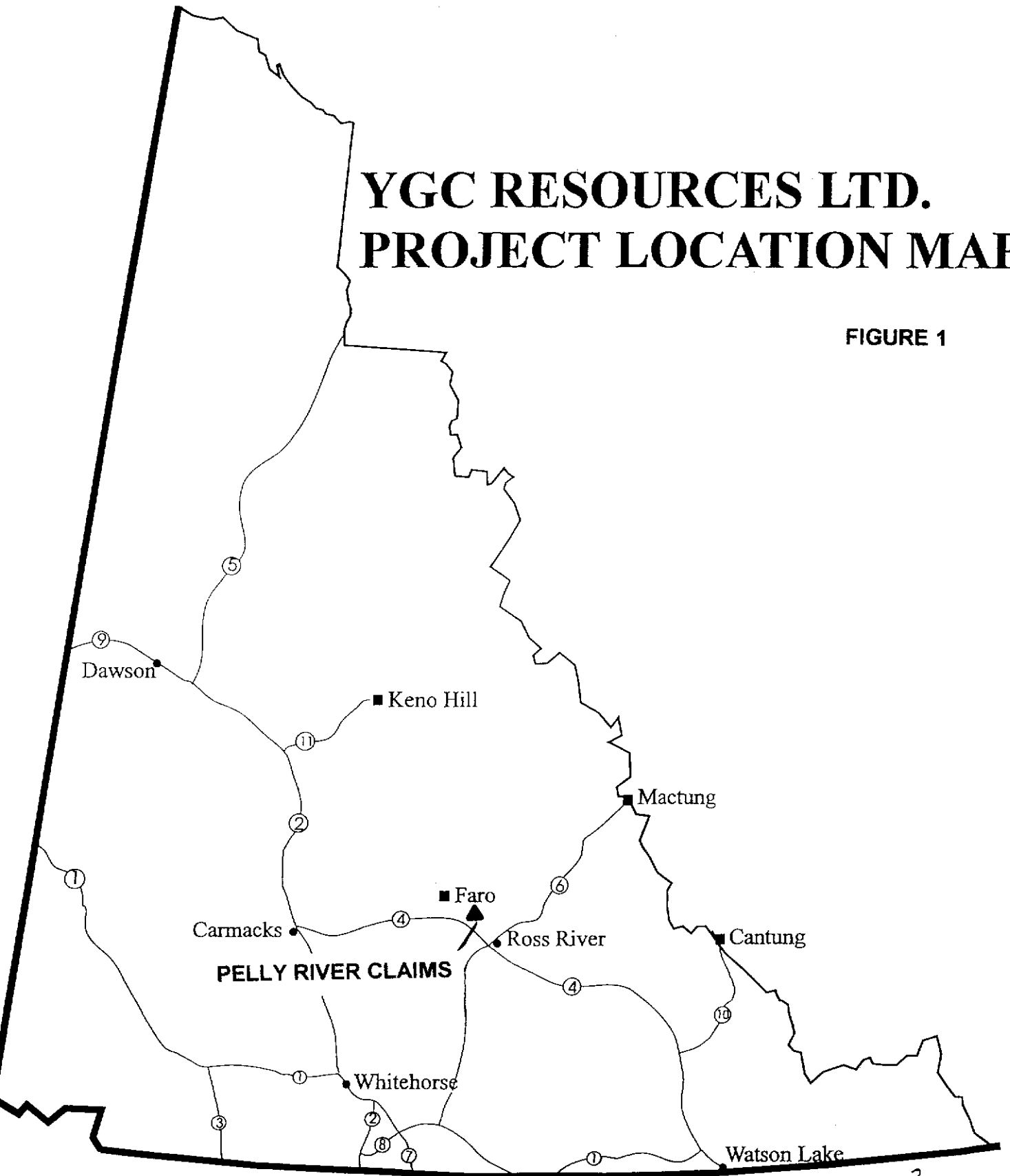
2.1 Location, Access, and Physiography

The property is located 30 kilometres northwest of Ross River along the Pelly River. The claims are located on NTS map sheet 105 K/2, centred at approximately 132° 59' West longitude and 62°08' North latitude. Access to the property is by river boat or helicopter which is available for casual charter from Ross River.

The claims cover an area of relative steep river bank immediately north of the Pelly River. A creek locally known as Moose Creek transects the claim block. Glacial till generally obscures bedrock and outcrops are primarily exposed along the river bank or along resistant ridges sub-parallel to the regional northwest trend of the Tintina Trench and Pelly River valley.

YGC RESOURCES LTD. PROJECT LOCATION MAP

FIGURE 1



2.2 Property Definition and Claim Status

The property is composed of 40 quartz claims namely, Lou 1 - 8 (YB66335 - YB66342) and Lassie 1 - 32 (YB97355 - YB97386). The claims are located on claim sheet 105K/2&3 in the Whitehorse Mining District, Figure 2. The claims cover an approximate area of 828 hectares. All claim posts have been tagged and inspected to ensure compliance with the regulations of the Yukon Quartz Mining Act.

The claims are held by Allen Carlos of Whitehorse. The Lou claims have an anniversary date of October 16 and the Lassie claims were recorded on April 13, 1997. YGC has purchased an option to acquire a 100 % interest in the property by making certain payments and carrying out exploration on the claims.

3.0 HISTORY

The area of the West showing was first staked in 1965 at the time of the Anvil rush. Early work included airborne geophysical surveys and reconnaissance mapping by Silver Arrow Mines Ltd. The property was restaked in 1976 by Welcome North Mines Ltd. as part of the Vangorda Project. Welcome North carried out reconnaissance geological and geochemical surveys in 1977. Arther John restaked the property as the Lou claims in 1993 and transferred the property to Allen Carlos who added the Lassie claims in April 1997.

The Anvil District was mapped by D.J. Templeman-Kluit (1972) of the Geological Survey of Canada (GSC). Regional Mapping was carried out and published by Gordey and Irwin (1987) of the GSC.

The area was covered by the GSC OF 2174 105 K E 1/2; Regional Stream Sediment and Water Geochemical Reconnaissance survey in 1989.

4.0 REGIONAL GEOLOGY

The property is located within the Tintina Trench and is underlain by Triassic aged polymictic conglomerate, quartzite, calcareous shale, and silty limestone which were deposited along the contemporaneous Vangorda Fault. The Vangorda Fault is a strand of the Tintina Fault System which has been traced over a distance of 64 kilometres. The fault is a steeply southwest dipping structure which has been intruded by serpentinite. The serpentinite bodies have a distinct magnetic response which helps define the fault trend.

The Tintina Fault system is a zone of major transcurrent faulting on which about 500 kilometres of right lateral displacement has been postulated. Displacement along the fault has apparently occurred since Early Triassic time. The fault system in the region is made up of an extensive branching, northwest trending network about 13 kilometres wide. The faults tend to be steeply dipping or near vertical.

North of the Tintina Trench, the Anvil Range is underlain by granodiorite that forms the Anvil Batholith of Mesozoic age. A sequence of Proterozoic and Palaeozoic rocks of the Selwyn Basin flank the Anvil Batholith.

South of the Tintina Trench, Palaeozoic sedimentary rocks consisting of phyllite, argillite, and chert of the Kechika group are exposed in the Pelly Cassiar Platform.

5.0 PROPERTY GEOLOGY AND MINERALIZATION

Discontinuous outcrops of Carboniferous to Triassic age resistant, massive, poorly sorted pebble conglomerate with interlayered recessive black shale, quartzite, calcareous shale, and limestone occur over a distance of several kilometres along the Pelly River. The Unit has been mapped as Unit 10 by Tempelman-Kluit (1972) and CTncg by Gordey and Irwin (1987). The unit is labelled as CTncg on Figure 3.

The conglomerate is resistant and massive in outcrop. The rounded fragments are of variable size ranging from coarse sand to several inches across. Clasts are made up of quartzite, chert, basalt, and limestone. Locally the matrix is micaceous but is generally siliceous. The conglomerate locally grades to coarse grained poorly sorted micaceous sandstone or quartzite. Tempelman-Kluit interpreted the conglomerate unit as being deposited along the scarp of the Vangorda fault.

Thin bedded and platy, grey silt banded, and calcareous shales are locally interbedded with argillaceous limestone within the conglomerate unit.

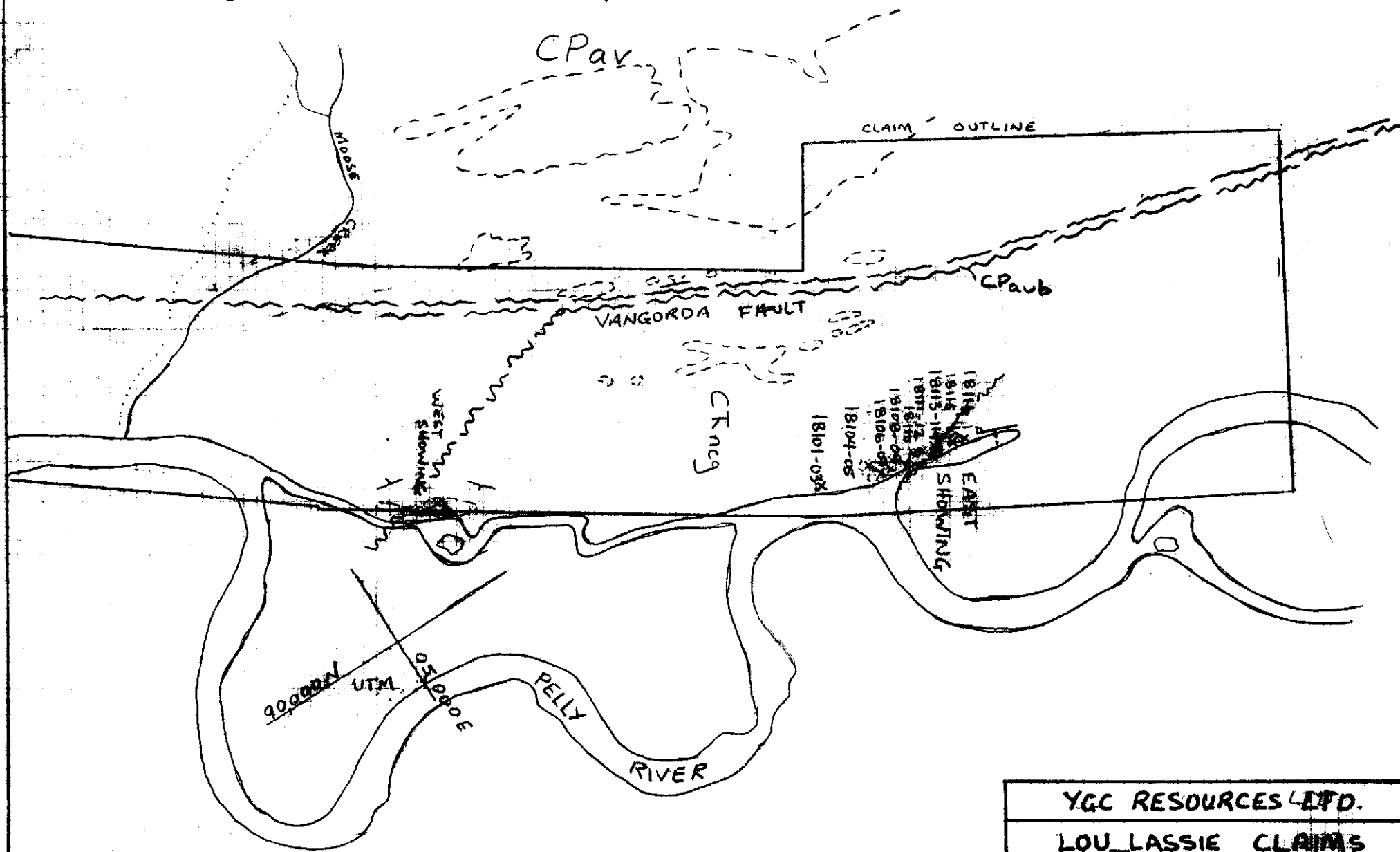
The Vangorda fault zone trends across the claims near the northeastern boundary of the claims. The fault separates Anvil Range basalt (CPav) northeast of the fault from the CTncg unit southwest of the fault.

The bedding of the sedimentary units is generally east to east-southeast and dips steeply to the southwest (69° - 90°). The general trend appears to be an upward coarsening sequence in the area of the East showing with micaceous sandstone overlying siltstone which in turn overlies shale. Breccia zones appear to be irregular masses with no distinct trend but a strong shear zone crosscuts the shale unit at a 070° in the immediate vicinity of the East showing.

CPav - ANNIL RANGE basalt

CPaub - Serpentinite

CTncg - Conglomerate



MAP SHEET 105 K/2

WHITEHORSE M.D.

YGC RESOURCES LTD.

LOU_LASSIE CLAIMS
GEOLOGY

SCALE

1:20,000

OCT. 12, 1947

FIGURE

3

Mineralized showings of disseminated to massive pyrite in silicified and brecciated sediments outcrop at two localities approximately two kilometres apart (Figure 3). The West showing located on the Lou 1 claim was previously sampled and yielded gold assays of up to 820 ppm. The gold mineralization occurs with silicified brecciated conglomerate or limestone. The East zone is located on the Lassie 24 claim and geochemical gold values (73 - 89 ppb gold) occur over 200 metres along the river bank. The gold values appear to be related to silicification and wispy quartz stringers although disseminated sulphide and or iron oxide were noted at each anomalous sample site. The brecciated and mineralized zones occur as discordant bodies in micaceous sandstone or calcareous siltstone and shale.

6.0 LITHOGEOCHEMICAL SAMPLING

Sixteen rock chip samples were collected from outcrops along the Pelly River at the East showing area. The objective of the sampling was to test for gold values and potential pathfinder elements from variably mineralized rocks in the area.

Chip samples were obtained from mineralized or rusty weathered outcrops during prospecting. The locations were flagged in the field with a sample identification number on flagging tape. Samples were collected in plastic sample bags and tagged with sample identification tags from a sequentially numbered booklet. The samples were located on a topographic map and location coordinates are reported in a truncated UTM system. The rock sample locations and descriptions are included in Appendix 2 of the report and plotted on figure 3.

The samples were analyzed for gold by the FA-AA method plus a 30 element suite by ICP analysis. The samples were sent to Northern Analytical Laboratories Ltd. in Whitehorse for gold geochemical analysis and prepared samples were sent on to International Plasma Ltd. in Vancouver for ICP analysis. The analytical results are included in Appendix 3 of the report.

Gold values range from 6 to 89 ppb with one sample below the detection limit of <5 ppb. Gold values generally correlate with zones of silicification and quartz content.

The number of samples is not sufficient to carry out a statistical analysis of the correlation between the elements. Visual comparison of the results indicate that generally the highest values of Ag (4.3 ppm), As (122 ppm), Sb (197 ppm), and Hg (7 ppm) correspond to the highest values of gold. The base metal elements (Cu, Pb, Zn, and Ni) have values that do not correlate to the gold content and values are generally low (up to 62 ppm, 20 ppm, 122 ppm, and 32 ppm respectively) and not anomalous. Other metals (Mo, Cd, Co, Ba, Cr, V, and Mn) have values that show variable levels but high or low values do not correspond to the relative abundance of gold in the samples. Of the major rock forming elements (Al, Ca, Fe, Mg, K, Na, and P), calcium (0.04 % - 9.51 %) and iron (0.62 % - 3.90 %) show the most variability reflecting the carbonate

and sulphide or iron oxide content of the samples. The remaining elements with detectable levels (La, Sr, Zr, and Sc) do not correlate to gold levels although the higher strontium levels correspond to higher values of calcium or carbonate content of the rocks. There were no detectable levels of thallium, bismuth, tungsten or titanium in the samples collected.

The results indicate that gold is the best indicator of mineralization although silver, arsenic, and antimony can be used as indicator elements. Mercury results are less consistent, but at the West showing where gold values are generally higher the mercury levels were also elevated (up to 81 ppm) and may be a pathfinder element.

7.0 CONCLUSIONS AND RECOMMENDATIONS

The low grade gold mineralization on the Lou and Lassie claims occurs in a geological environment similar to Carlin or SHDG deposit types. The Carboniferous or Triassic calcareous sediments host disseminated to massive pods of auriferous pyrite mineralization at several locations in outcrops along the Pelly River. The best gold values occur with brecciated or sheared zones that are silicified and contain wispy quartz stringers.

The gold mineralization is associated with anomalous amounts of arsenic, antimony, mercury, and silver which is a common association with the plutonic related SHDG type deposits.

Detailed prospecting, soil sampling, and outcrop sampling is recommended to cover the trend of the sedimentary rock units. Sulphidized and silicified breccia zones have the best economic potential. Careful mapping of the sedimentary horizons within the conglomerate unit and of potential structural trends may help define an exploration model for the controls to the mineralization. Geophysical surveys can be helpful in providing lithological and structural interpretations. A detailed airborne survey using EM and magnetic instruments is recommended as an effective way of covering the property.

8.0 SUMMARY OF EXPENDITURES

Field costs for lithogeochemical sampling, prospecting and mapping on May 1, 1997 are summarized below. Labour costs include research and report preparation.

Labour:		
	3 man days R. Stroshein @ \$250/day	\$ 750.00
Helicopter Charter:	Trans North Helicopters	
	Ticket # 15608 - May 1, 1997 (1.3 hr.)	1007.50
Assay Charges:	Northern Analytical Laboratories Ltd.	
	WO# 7765 - 16 rock samples @ \$21.00 ea.	336.00
Travel, food, and Lodging:		
	Welcome Inn - Ross River Invoice # 2459-60	199.32
	Dena Petroleum - Gasoline invoice #1232	<u>28.60</u>
Total		\$ 2321.42

9.0 LIST OF REFERENCES

- Gordey, S.P., and Irwin, S.E.B. (1987): Geology Sheldon Lake and Tay River map areas, Yukon Territory; GSC Map 19-1987 (3 sheets).
- GSC, (1987): Regional Stream Sediment and Water Geochemical Reconnaissance Data. GSC OF 2174 105 K E 1/2.
- Holland, R. and Foster, F. (1977): Vangorda Project, Summary Report on the Tar 1-24 Claim group, Whitehorse Mining district. Assessment report for Welcome North Mines Ltd.
- Jennings, D.S. and Jilson, G.A. (1983): Geology and Sulphide Deposits of Anvil Range, Yukon Territory; in CIMM Special Volume 37, Mineral Deposits of Northern Cordillera, p. 319-361.
- Poulsen, K.H. (1996): Carlin type gold deposits and their potential occurrence in the Canadian Cordillera; in Current Research 1996-A; Geological Survey of Canada, p. 1-9.
- Tempelman-Kluit, D. J. (1972): Geology and Origin of the Faro, Vangorda, and Swim Concordant Zinc-Lead Deposits, Central Yukon Territory; GSC Bulletin 208.

APPENDIX 1

STATEMENT OF QUALIFICATIONS

ROBERT W. STROSHEIN, P. ENG.

I, Robert W. Stroshein of the City of Whitehorse, Yukon Territory, hereby certify that:

1. I am a Professional Engineer registered (No. 1165) as a member of the Association of Professional Engineers of Yukon Territory.
2. I graduated from the University of Saskatchewan at Saskatoon, Saskatchewan in 1973 with a Bachelor of Science Degree in Geological Engineering.
3. I have been actively engaged as an Exploration Geologist in the Mineral Industry in Western Canada since graduation.
4. I have carried out the exploration on the Lou and Lassie claims. I researched the geology of the property and prepared this report on the results of the mapping and rock sampling.
5. My business address is:

110 Industrial Road
Whitehorse, Yukon Territory
Y1A 2T9

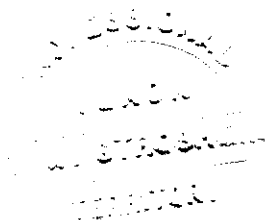
My residential address is:
26 Liard Road
Whitehorse, Yukon Territory
Y1A 2T9

Signed,



Robert W. Stroshein, P. Eng.

October 14, 1997



APPENDIX 2

ROCK SAMPLE DESCRIPTIONS

LOU_LASSIE CLAIMS: ROCK SAMPLE DESCRIPTIONS

SAMPLE NO.	UTM E	UTM N	LITHOLOGY	MINERALIZATION	DESCRIPTION
18101	6650	89630	qtz-bx	strong oxide	Strongly oxidized quartz breccia boulder. Yellow and orange oxide coated.
18102	6660	89625	siltstone	tr-1 % diss py	0.5 m thin bedded siliceous siltstone, rusty weathered, dark grey, f.g. diss sulphide.
18103	6670	89605	black shale		Rusty weathered shale, black, platy shale. Recessive outcrop.
18104	6850	89580	qtzite	limonite	Brecciated, silicified, rusty weathered quartzite. Limonite infilling breccia and as seams.
18105	6855	89580	qtzite	limonite	Brecciated quartzite with orange limonite.
18106	6860	89540	black chert	tr-1 % diss py	Silicified, carbonaceous to graphitic, chert breccia. Wispy quartz veinlets with diss f.g. sulphide - aspy.
18107	6860	89540	ast	tr f.g. diss py	Massive, rusty weathered, silicified, micaceous sandstone. F.g. diss py and wispy quartz veinlets. Rusty and green oxide.
18108	6870	89530	sst	limonite	Rusty weathered, brecciated sandstone. Quartz - limonite seams.
18109	6895	89530	siltst	limonite	Thin bedded, dark grey, rusty weathered, argillaceous shale. Clay altered and oxidized.
18110	6985	89530	arg	limonite	Interbedded chert and argillite. Black, carbonaceous with weak limonite weathering.
18111	7000	89530	arg		Orange and yellow weathered narrow thin, platy, black argillite. Silicified.
18112	7020	89525	siltst		Rusty weathered, thin, platy to thin banded, calcareous silty banded argillite.
18113	7100	89510	shear		Quartz boudins in rusty weathered shear zone in siltstone.
18114	7102	89510	siltst	tr diss py	Well bedded siltstone. Adjacent shear zone. Weakly brecciated with trace diss f.g. py.
18115	7180	89500	siltst		Orange rusty weathered micaceous siltstone. Intensely fractured.
18116	7200	89490	siltst	limonite	Brecciated micaceous siltstone. Rusty weathered with white qtz boudins and yellow limonite along fractures or seams.

APPENDIX 3

ANALYTICAL RESULTS

NAL & IPL

12/05/97

Assay Certificate

Page 1

YGC Resources

WO#07765

Shipment #097-001

Certified by

PELLY RIVER - Lou Claims

Sample #	Au ppb
18101	79
18102	44
18103	25
18104	83
18105	73
18106	32
18107	51
18108	15
18109	10
18110	6
18111	8
18112	<5
18113	15
18114	18
18115	30
18116	89





INTERNATIONAL PLASMA LABORATORY LTD.

CERTIFICATE OF ANALYSIS

iPL 97E0373

2036 Columbia Street
Vancouver, B.C.
Canada V5Y 3E1
Phone (604) 879-7878
Fax (604) 879-7898

YGL RESOURCES
Northern Analytical Laboratories

19 Samples

Out: May 16, 1997 In: May 09, 1997

[037312:46:50:79051697]

Project : W.O. 7765
Shipper : Norm Smith
Shipment: PO#: 332309
Analysis:
ICP(AqR)30

CODE	AMOUNT	TYPE	PREPARATION DESCRIPTION	PULP	REJECT
B311	19	Pulp	Received as it is, no sample prep.	12M/D1s	OOM/D1s

Analytical Summary

NS=No Sample Rep=Replicate M=Month D1s=Discard

Comment:

Document Distribution

1 Northern Analytical Laboratories	EN RT CC IN FX
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Whitehorse	DL 3D EM BT BL
YT Y1A 2Z7	0 0 0 0 0
Canada	
Att: Norm Smith	Ph:403/668-4968
	Fx:403/668-4890
	Em:NAL@hypertech.yk.ca

##	Code	Method	Units	Description	Element	Limit	Limit
						Low	High
01	0721	ICP	ppm	Ag ICP	Silver	0.1	99.9
02	0711	ICP	ppm	Cu ICP	Copper	1	20000
03	0714	ICP	ppm	Pb ICP	Lead	2	20000
04	0730	ICP	ppm	Zn ICP	Zinc	1	20000
05	0703	ICP	ppm	As ICP	Arsenic	5	9999
06	0702	ICP	ppm	Sb ICP	Antimony	5	999
07	0732	ICP	ppm	Hg ICP	Mercury	3	9999
08	0717	ICP	ppm	Mo ICP	Molybdenum	1	999
09	0747	ICP	ppm	Tl ICP (Incomplete Digestion)	Thallium	10	999
10	0705	ICP	ppm	Bi ICP	Bismuth	2	9999
11	0707	ICP	ppm	Cd ICP	Cadmium	0.1	99.9
12	0710	ICP	ppm	Co ICP	Cobalt	1	9999
13	0718	ICP	ppm	Ni ICP	Nickel	1	9999
14	0704	ICP	ppm	Ba ICP (Incomplete Digestion)	Barium	2	9999
15	0727	ICP	ppm	W ICP (Incomplete Digestion)	Tungsten	5	999
16	0709	ICP	ppm	Cr ICP (Incomplete Digestion)	Chromium	1	9999
17	0729	ICP	ppm	V ICP	Vanadium	2	9999
18	0716	ICP	ppm	Mn ICP	Manganese	1	9999
19	0713	ICP	ppm	La ICP (Incomplete Digestion)	Lanthanum	2	9999
20	0723	ICP	ppm	Sr ICP (Incomplete Digestion)	Strontium	1	9999
21	0731	ICP	ppm	Zr ICP	Zirconium	1	9999
22	0736	ICP	ppm	Sc ICP	Scandium	1	9999
23	0726	ICP	%	Ti ICP (Incomplete Digestion)	Titanium	0.01	1.00
24	0701	ICP	%	Al ICP (Incomplete Digestion)	Aluminum	0.01	9.99
25	0708	ICP	%	Ca ICP (Incomplete Digestion)	Calcium	0.01	9.99
26	0712	ICP	%	Fe ICP	Iron	0.01	9.99
27	0715	ICP	%	Mg ICP (Incomplete Digestion)	Magnesium	0.01	9.99
28	0720	ICP	%	K ICP (Incomplete Digestion)	Potassium	0.01	9.99
29	0722	ICP	%	Na ICP (Incomplete Digestion)	Sodium	0.01	5.00
30	0719	ICP	%	P ICP	Phosphorus	0.01	5.00

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PC Certified Assayer: David Chiu

