



2002 Assessment Report

on the

Goldy Property

Goldy 1-4 (YC18716-19)
Goldy 5-8 (YC19649-52)
Goldy 9-24 (YC18724-39)

**NTS 115 I-3 & 6
Lat. 62°16'N, Long. 137°03'W
Whitehorse Mining District**

**For: Midnight Mines Ltd.
Box 31293
Whitehorse, YT
Y1A 5P7**

**By: Tintina Consultants
December 8, 2002**

**Period of Work:
June 21-23, 2002**

094393

094393

Costs associated with this report have been
approved in the amount of \$ 3200.00
for assessment credit under Certificate of
work No. QW27563

H. Sauter

Mining Recorder
Whitehorse Mining District

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Summary

The Goldy Property consists of 24 mineral claims located approximately 50 km northwest of Carmacks, YT, along the Freegold Road (the eastern portion of the Casino Trail). The property was first discovered in the 1930's and has undergone numerous exploration programs since that time. Exploration on the Goldy Property has consisted of soil sampling, trenching and diamond drilling.

The 2002 work program on the Goldy Property consisted of prospecting, rock sampling and grid construction. A 1 km baseline was cut and flaglines were run at right angles to it.

Historical work on the property indicates that the potential to expand the known mineralization on the property is excellent. Although drilling in the Goldy "Main" Zone showed that it is flanked to the east by barren schists and gneisses, it also outlined a wide northwest trending shear zone which is open to the south and north. This fault zone may correlate with the northwest striking fault zone on the Dart Claims (located to the north). A large gold and arsenic anomaly trends northwest from the southern boundary of the property at Seymour Creek, extending to the area of the shaft on the Dart Claims, a distance of approximately 3000 metres. The major regional fault structures and fault intersections which occur on the claims are favourable for the occurrence of significant gold deposits.

Follow-up work should focus on the potential to connect the known zones of mineralization on the property. A Phase I program of geophysics (VLF-EM and magnetometer surveys) and trenching of geochemical anomalies would help define the area of best surface mineralization within the northwest trending fault zone. This work combined with prospecting and geological mapping will define targets for a Phase II program of diamond drilling dependent upon results.

Introduction

A. Introduction

Work was carried out on the Goldy 11-16 and 21-24 claims between June 21 – 23, 2002 by Mr. B. Harris of Midnight Mines Ltd. Mr. Harris was assisted in the field by D. Moraal, R. Gould and T. Hierlihy.

This report is prepared to describe and present the results of work completed during 2002. The writer has been to the property area, and has prepared this report based upon information from previous reports and the information supplied by Mr. B. Harris.

B. Location and Access

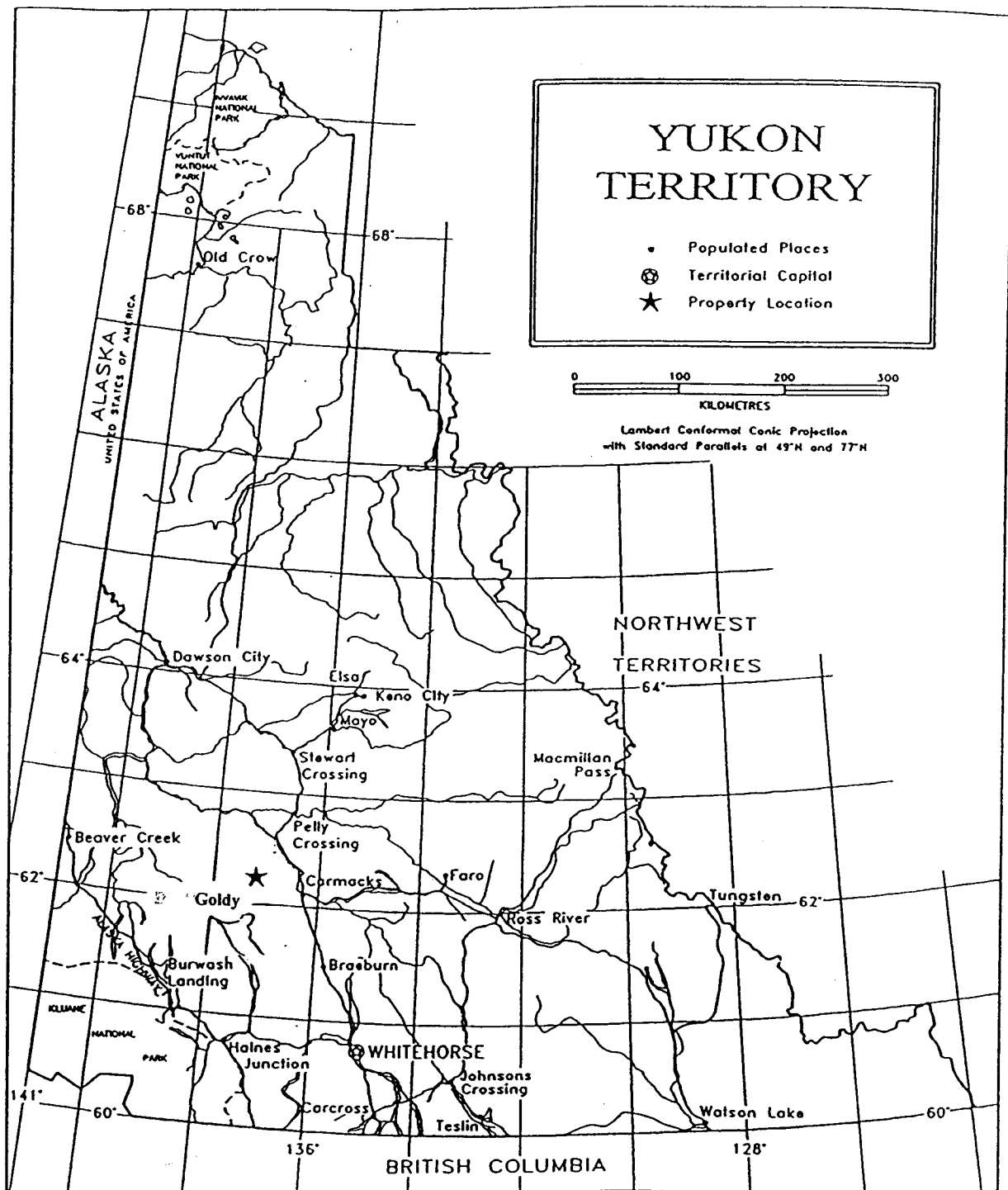
The Goldy property is located on the east flank of Mt. Freegold approximately 50 km northwest of Carmacks, Y.T. on NTS Map Sheet 115 I-3 & 6 at latitude 62° 16'N and longitude 137°03'W. Figure 1 shows the property location. The government maintained Mt. Freegold gravel road provides year round access to the property. A road follows the west side of Grizzly Gulch and allows 4 x 4 vehicle access to the upper portion of the Goldy Property. The roads on the hilltops and ridges of the claim group are in good condition.

C. Physiography

The property is located within the Dawson Range of the Yukon Plateau. The Mt. Freegold summit has an elevation of 1,453 metres (4,766 feet). The claims are situated along both sides of a ridge extending southeast from the summit of Mt. Freegold, and elevation ranges from 850 metres along Seymour Creek at the southwestern edge of the claims, to about 1300 metres at the highest point of the ridge on Goldy 24 claim.

Vegetation includes timbered valleys dominated by conifers with some birch and cottonwood to an approximate elevation of 1,066 metres (3,500 feet). Alpine grass and moss with some sparse tree cover is found on hilltops and ridges. Alder, poplar and thick moss cover is confined to flat areas of slow drainage. Permafrost is usually found at depths >1.0 metres on south facing slopes.

Drainage of the claims is via tributaries of Stoddart Creek to the north and Seymour Creek to the south.



| | |
|----------------------------|-----------------|
| Midnight Mines Ltd. | |
| LOCATION MAP | |
| Goldy Property | |
| <i>Tintina Consultants</i> | |
| Scale 1:6,000,000 | Date: Dec. 2002 |
| NTS: 115 I 3 & 6 | Figure 1 |

D. Property/Claim Summary

The Goldy Property consists of the Goldy 1-24 claims. Figure 2 shows the location of these claims. During the 2002 field season, work was carried out on the claims in the table below.

Table 1: Claims Worked On

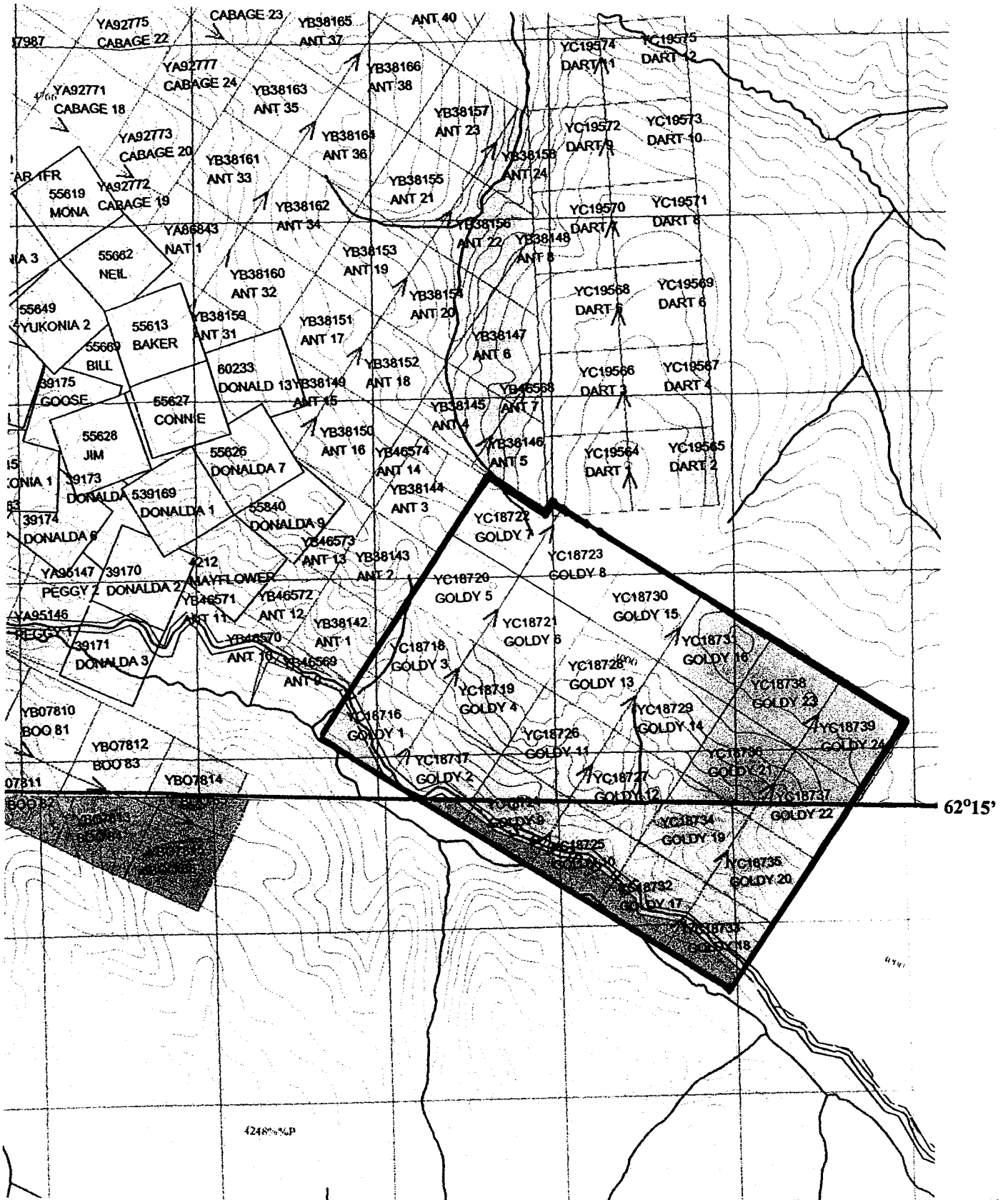
| Claim Name | Grant Number |
|------------|--------------|
| Goldy 9 | YC18724 |
| Goldy 10 | YC18725 |
| Goldy 11 | YC18726 |
| Goldy 12 | YC18727 |
| Goldy 13 | YC18728 |
| Goldy 14 | YC18729 |
| Goldy 15 | YC18730 |
| Goldy 16 | YC18731 |
| Goldy 21 | YC18736 |
| Goldy 22 | YC18737 |
| Goldy 23 | YC18738 |
| Goldy 24 | YC18739 |

The table below updates the claim status following this work being applied.

Table 2: Claim Status following 2002 Work

| Claim Name | Grant Number | Expiry Date | New Expiry Date | Registered Owner |
|------------|--------------|-------------|-----------------|------------------|
| Goldy 1 | YC18716 | 2003/06/23 | 2003/06/23 | B. Harris |
| Goldy 2 | YC18717 | 2003/06/23 | 2003/06/23 | B. Harris |
| Goldy 3 | YC18718 | 2003/06/23 | 2003/06/23 | B. Harris |
| Goldy 4 | YC18719 | 2003/06/23 | 2003/06/23 | B. Harris |
| Goldy 5 | YC19649 | | 2003/09/13 | B. Harris |
| Goldy 6 | YC19650 | | 2003/09/13 | B. Harris |
| Goldy 7 | YC19651 | | 2003/09/13 | B. Harris |
| Goldy 8 | YC19652 | | 2003/09/13 | B. Harris |
| Goldy 9 | YC18724 | 2002/06/23 | 2004/06/23* | B. Harris |
| Goldy 10 | YC18725 | 2002/06/23 | 2004/06/23* | B. Harris |
| Goldy 11 | YC18726 | 2002/06/23 | 2004/06/23* | B. Harris |
| Goldy 12 | YC18727 | 2002/06/23 | 2004/06/23* | B. Harris |
| Goldy 13 | YC18728 | 2002/06/23 | 2004/06/23* | B. Harris |
| Goldy 14 | YC18729 | 2002/06/23 | 2004/06/23* | B. Harris |
| Goldy 15 | YC18730 | 2002/06/23 | 2004/06/23* | B. Harris |
| Goldy 16 | YC18731 | 2002/06/23 | 2004/06/23* | B. Harris |
| Goldy 17 | YC18732 | 2002/06/23 | 2004/06/23* | B. Harris |
| Goldy 18 | YC18733 | 2002/06/23 | 2004/06/23* | B. Harris |
| Goldy 19 | YC18734 | 2002/06/23 | 2004/06/23* | B. Harris |
| Goldy 20 | YC18735 | 2002/06/23 | 2004/06/23* | B. Harris |
| Goldy 21 | YC18736 | 2002/06/23 | 2004/06/23* | B. Harris |
| Goldy 22 | YC18737 | 2002/06/23 | 2004/06/23* | B. Harris |
| Goldy 23 | YC18738 | 2002/06/23 | 2004/06/23* | B. Harris |
| Goldy 24 | YC18739 | 2002/06/23 | 2004/06/23* | B. Harris |

*following approval of filing



137°05'

| | | |
|----------------------------|--|-----------------|
| Midnight Mines Ltd. | | |
| CLAIM LOCATION | | |
| Goldy Property | | |
| <i>Tintina Consultants</i> | | |
| Scale 1:31,680 | | Date: Dec. 2002 |
| NTS: 115 I 3 & 6 | | Figure 2 |

E. History

The Goldy claims cover at least 3 old showings which were originally found and explored by hand trenching during the mid 1930's. The showings are the Goldy Main, Forbes Creek and Whale. Limited bulldozer trenching was carried out on these showings in the early 1960's, and further bulldozer trenching in the 1980's. Dominion Explorers acquired the property in 1985. During 1986 and 1987, Dominion completed a comprehensive program of line cutting, geological mapping, soil and rock sampling, and excavator trenching.

Rea Gold Corp. and Verdstone Gold Corp. formed a joint venture to acquire an interest in the Goldy Project from Dominion Explorers Inc. As a result, a 1988 work program including excavator trenching and 1130 metres of diamond drilling was completed on the claims. The program was designed to explore geochemical anomalies outlined by Dominion Explorers, as well as the original Goldy zone.

The claims on the property were allowed to lapse between 1996 and 2000. Bill Harris acquired the ground and in 2000 carried out prospecting, and rock and soil sampling. Many of the old workings and trenches were relocated, and prospected. As well, outcrop in areas of previously delineated soil anomalies was searched for.

Geology and Mineralization

Regional Geology

The Mt. Freegold area is located at the contact of the Yukon Cataclastic Complex (a package of Upper Paleozoic (Permian) extrusives and Mesozoic sediments) and the Yukon Crystalline Terrain (early Paleozoic rocks metamorphosed and intruded by younger Jurassic to Cretaceous plutonic rocks) (Smith, 1988). The Big Creek Fault is a major structural feature which trends west-northwest along Big Creek and divides the two package of rocks, with the Yukon Cataclastic Complex located on the north (Webster, 1986).

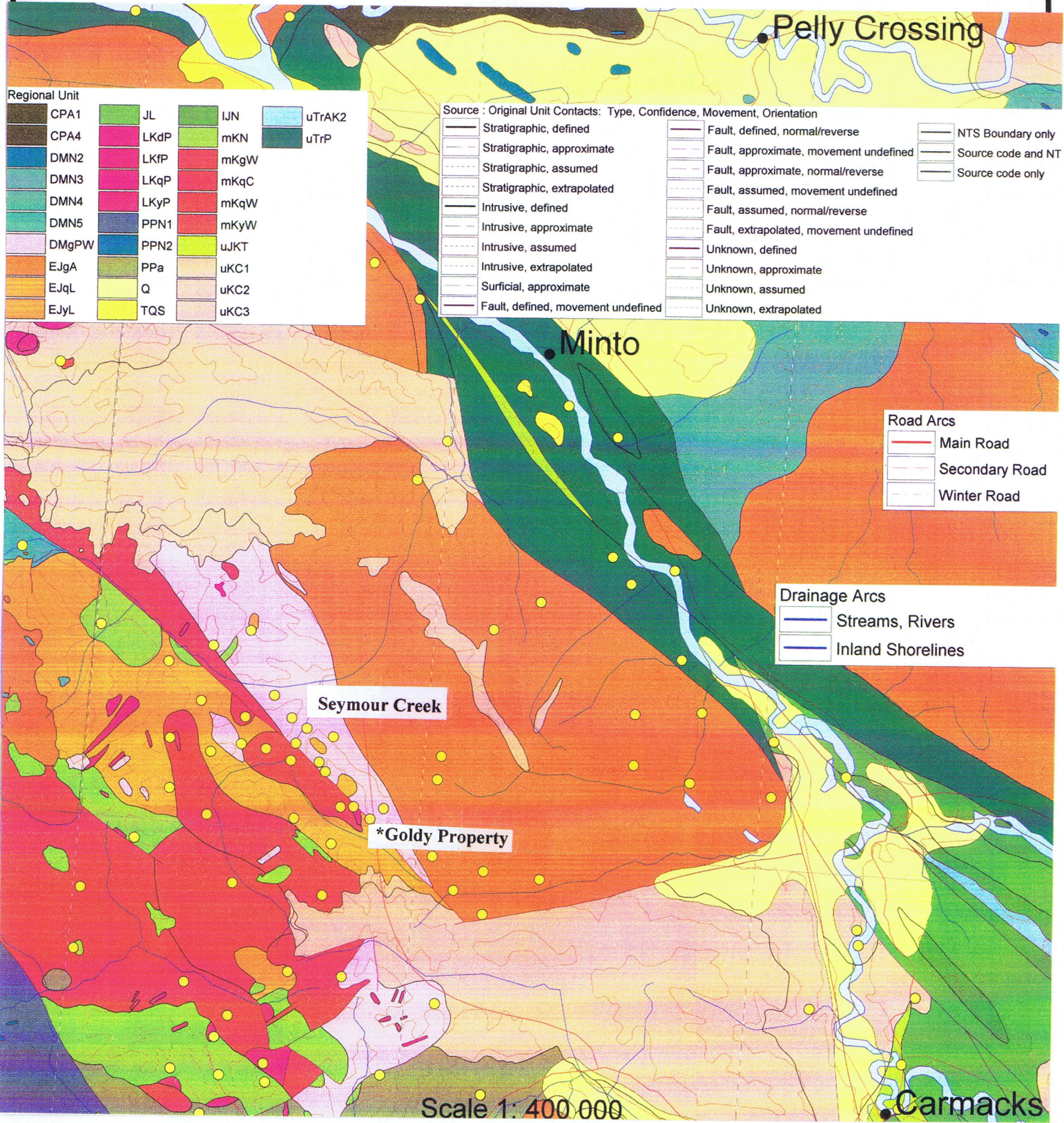
The oldest rocks in the area are Paleozoic schists and gneisses (Yukon Group), intruded by large stocks and batholiths of granite, granodiorite and syenite (Jurassic to Cretaceous), all intruded by dikes and small stocks of Cretaceous to Tertiary age (Smith, 1988).

Figure 3 on the following page has been taken from the Yukon Digital Geology CD by Gordey and Makepeace (1999) and shows the relationships of the above units:

| | |
|------------------------------------|------------|
| Paleozoic schists and gneisses | Unit DMgPW |
| Jurassic granodiorite | Unit EJgA |
| Jurassic syenite | Unit EJy |
| Cretaceous granodiorite | Unit mKgW |
| Cretaceous volcanics (plugs/dykes) | Unit mKN |
| Cretaceous volcanics | Unit uUKC |

According to Schmidt (1988) the Mt. Freegold district hosts several different types of lode gold deposits: a) high grade, low tonnage gold-quartz vein deposits, e.g. La Forma and Rambler Veins; b) low grade, high tonnage gold-bearing diatremes, e.g. the Antoniuk Breccia; c) gold-bearing stibnite-barite-breccia veins, e.g. the Emmons Hill prospect. A close spatial relationship is apparent between rhyolite dikes (Cretaceous, Mt. Nansen Volcanics) and the gold-bearing veins and breccia in this area (McInnes, 1988). As well, these deposits occur adjacent to the northwesterly trending Big Creek and Camp faults and to their related northeastern counterparts.

| | | |
|----------------------------|--------------------------------|-----------------|
| Midnight Mines Ltd. | | |
| GEOLOGY | | |
| Goldy Property | | |
| <i>Tintina Consultants</i> | | |
| Scale: 1:400,000 | Taken from | Date: Dec. 2002 |
| NTS: 115 I 3 & 6 | Gordey and Makepeace (1999) | Figure 3 |



Legend

Q: QUATERNARY: unconsolidated glacial, glaciofluvial and glaciolacustrine deposits; fluvial silt, sand, and gravel, and local volcanic ash, in part with cover of soil and organic deposits

TQS: SELKIRK: resistant, brown weathering, columnar jointed, vesicular to massive basalt flows; minor pillow basalt; basaltic tuff and breccia (Selkirk Volcanics)

LKdP: PROSPECTOR MOUNTAIN SUITE: coarsely crystalline gabbro and diorite

LKqP: PROSPECTOR MOUNTAIN SUITE: quartz monzonite, biotite quartz-rich granite; porphyritic alaskite and granite with plagioclase and quartz-eye phenocrysts; biotite and hornblende quartz monzodiorite, granite, and leucocratic granodiorite with local alkali feldspar phenocrysts (Prospector Mountain Suite, Carcross Pluton)

LKyP: PROSPECTOR MOUNTAIN SUITE: syenite

LKfP: PROSPECTOR MOUNTAIN SUITE: quartz-feldspar porphyry

mKgW: WHITEHORSE SUITE: biotite-hornblende granodiorite, hornblende quartz diorite and hornblende diorite; leucocratic, biotite hornblende granodiorite locally with sparse grey and pink potassium feldspar phenocrysts (Whitehorse Suite, Casino granodiorite, McClintock granodiorite, Nisling Range granodiorite)

mKqW: WHITEHORSE SUITE: biotite quartz-monzonite, biotite granite and leucogranite, pink granophyric quartz monzonite, porphyritic biotite leucogranite, locally porphyritic (K-feldspar) hornblende monzonite to syenite, and locally porphyritic leucocratic quartz monzonite (Mt. McIntyre Suite, Whitehorse Suite, Casino Intrusions, Mt. Ward Granite, Coffee Creek Granite)

mKyW: WHITEHORSE SUITE: hornblende syenite, grading to granite or granodiorite (Whitehorse Suite)

mKN: MOUNT NANSEN: massive aphyric or feldspar-phyric andesite to dacite flows, breccia and tuff; massive, heterolithic, quartz- and feldspar-phyric, felsic lapilli tuff; flow-banded quartz-phyric rhyolite and quartz-feldspar porphyry plugs, dykes, sills and breccia (Mount Nansen Gp., Byng Creek Volcanics, Hutshi Gp.)

uK1: CARMACKS: augite olivine basalt and breccia; hornblende feldspar porphyry andesite and dacite flows; vesicular, augite phyric andesite and trachyte; minor sandy tuff, granite boulder conglomerate, agglomerate and associated epiclastic rocks (Carmacks Gp., Little Ridge Volcanics, Casino Volcanics)

uK2: CARMACKS: acid vitric crystal tuff, lapilli tuff and welded tuff including feeder plugs and necks; felsic volcanic flow rocks and quartz feldspar porphyries; green and purple massive tuff-breccia with feldspar phyric fragments (Carmacks Gp., Donjek Volcanics, some rocks formerly mapped as Mt. Nansen Gp.; the felsic part of the Carmacks Gp. is difficult to distinguish from similar Tertiary and mid-Cretaceous (Mt. Nansen) felsic volcanic strata)

uKJ: TANTALUS: massive to thickly bedded chert pebble conglomerate and gritty quartz-chert-feldspar sandstone; interbedded dark grey shale, argillite, siltstone, arkose and coal; at one locality includes red-weathering dacite to andesite flows at base (Tantalus)

EJgA: AISHIHIK SUITE: medium- to coarse- grained, foliated biotite-hornblende granodiorite; biotite-rich screens and gneissic schlieren; foliated hornblende diorite to monzodiorite with local K-feldspar megacrysts; may include unfoliated monzonite of the Long Lake Suite (Aishihik Suite)

EJyL: LONG LAKE SUITE: resistant, dark weathering, massive, coarse- to very coarse- grained and porphyritic, mesocratic hornblende syenite; locally sheared, commonly fractured and saussuritized; locally has well developed layering of aligned pink K-feldspar tablets (Big Creek Syenite)

EJqL: LONG LAKE SUITE: massive to weakly foliated, fine to coarse grained biotite, biotite-muscovite and biotite-hornblende quartz monzonite to granite, including abundant pegmatite and aplite phases; commonly K-feldspar megacrystic (Long Lake Suite)

JL: LABERGE: poorly sorted, medium bedded to massive arkosic sandstone and minor shale with interbeds and thick members of resistant heterolithic pebble and boulder conglomerate; recessive, dark brown weathering, thin bedded, dark brown to greenish, silty shale (Laberge Gp.)

JN: NORDENSKIOLD: resistant, reddish brown weathering, massive, khaki-green dacite tuff with fresh plagioclase, hornblende and biotite; grades locally to pale green, punky weathering, salt and pepper textured, massive sandstone; interbedded conglomerate (Nordenskiold Dacite)

uTrAK2: AKSALA: massive to thick bedded limestone; minor thin bedded argillaceous to sooty limestone; coarsely crystalline, massive dolostone; minor laminated chert; massive to poorly bedded, limestone conglomerate debris flows and fanglomerate (Hancock mb. of Aksala)

uTrP: POVOAS: augite or feldspar phyric, locally pillowed andesitic basalt flows, breccia, tuff, sandstone and argillite; local dacitic breccia and tuff with minor limestone; greenschist, chlorite schist, chlorite-augite-feldspar gneiss, amphibolite (Povoas)

PPa: AMPHIBOLITE: metamorphosed mafic rocks including amphibolite (1) and ultramafic rocks (2) of unknown association; i.e.) may belong in part or entirely to Nisling, Nasina, and Slide Mountain assemblages and (3), mafic-ultramafic intrusions within Nasina assemblage

DMgPW: PELY GNEISS SUITE - SOUTHWEST: foliated medium grained, homogeneous biotite granite gneiss to biotite or hornblende granodiorite gneiss; massive to strongly foliated dioritic to granodioritic gneiss; includes interfoliated amphibolite, quartz-mica schist and phyllite (Selwyn Gneiss, Pelly Gneiss, N. Fifty-mile Batholith, Moose Creek Orthogneiss)

DMN2: NASINA: marble (Nasina assem.)

DMN3: NASINA: quartzite, micaceous quartzite, quartz muscovite (chlorite; feldspar augen) schist, and minor metaconglomerate and metagrit as in (1), but may locally include significant Nisling Assemblage

DMN4: NASINA: quartzite, micaceous quartzite, quartz muscovite (chlorite; feldspar augen) schist, and minor metaconglomerate and metagrit as in (1), but may locally include significant Klondike Schist Assemblage

PPN1: NISLING: dark grey to brown, biotite-muscovite-quartz-feldspar schist, quartzite and micaceous quartzite, garnetiferous; felsic chlorite-biotite orthogneiss; rare amphibolite; minor(?) two-mica gneiss and hornblende diorite gneiss; may include Nasina Assem. (Nisling assem.)

PPN2: NISLING: bleached white-weathering, white to grey, coarsely crystalline, flow banded, fetid marble; graphite, chert, metabasite and calc-silicate lamina are common (Nisling assem.)

uCS: SEMENOF: resistant, massive, dark green, altered andesite and basalt, volcanic breccia, tuff and greenstone; minor rhyolite breccia and argillite; possibly equivalent of the Klinkit assemblage? (Semenof)

CPA1: ANVIL: variably altered and foliated, locally augite-phyric basalt (local pillows), diorite and gabbro, chloritic greenstone, amphibolitic greenstone and amphibolite; minor metachert, siliceous argillite or siltstone, greywacke, tuff, and siliceous limestone

Property Geology

The entire Goldy property was geologically mapped at a scale of 1:5000 by Edison in 1986 and 1987, using 100-metre spaced cut grid lines for survey control. Three rock types dominate the claims: schists and gneisses of the Lower Paleozoic Yukon Group, Jurassic-age hornblende syenite porphyry of the Big Creek syenite Batholith, and Upper Triassic foliated granodiorite of the Granite Mountain Batholith (Edison, 1988). Excavator trenching to bedrock in 1987 and 1988 documented numerous exceedingly strong, intense fault zones, trending both northwest and west-northwest through the basin of Carpenter Creek, possibly supporting the theory of splays from the Big Creek Fault cutting through the property (Schmidt, 1988).

Mineralization

On the Goldy claims there are a number of mineralized occurrences of interest.

The Goldy Zone is a large zone of silicification, alteration and sulphide dissemination on the western side of Carpenter Creek. The Goldy Zone lies at the contact of the Big Creek Syenite and Yukon Group schists. The contact is irregular due to much faulting, and the emplacement of a highly altered porphyritic dacite which hosts the gold mineralization. The altered dacite unit is seen to be zoned outward from a small central core (8 x 40 m) of intense silicification hosting "blue-grey" quartz veins (with the best gold assays), through an intermediate zone of very strong silicification, to a large outer zone of strong carbonate alteration accompanied by weak to moderate quartz vein stockwork. The maximum dimensions of the entire zone known to date are about 200 metres by about 50 metres.

Remains in the area indicate that considerable work was undertaken on the Forbes Creek Showings. Bulldozer trenching exposed a 25 metre length of chalcidonic quartz stockwork similar to the Goldy zone. A rock chip over 10 metres returned a value of 1100 ppb Au (0.032 opt) and >1000 ppm As.

The Whale Vein is about 8 metres wide and 80 metres long and is comprised of slightly rusty, vuggy, chalcidonic quartz, often cementing fragments of quartz-feldspar porphyry. Sampling in the vein returned low, but anomalous values in gold and arsenic. The best sample assayed 815 ppb Au, 9920 ppm As over 4 metres.

2002 Work Program

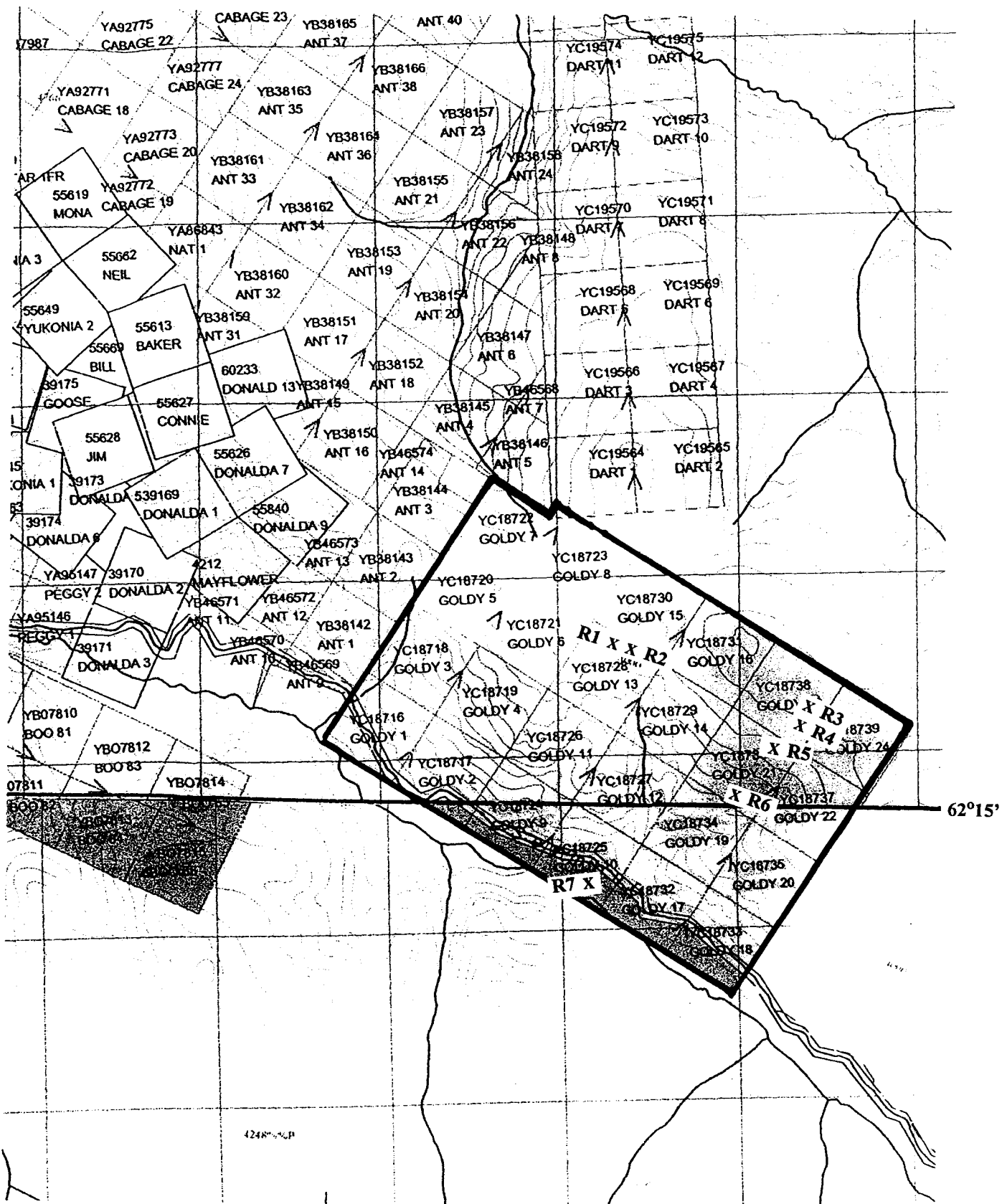
An existing camp located near the confluence of Bow and Seymour creeks was utilized for the work program in 2002.

The 2002 work program on the property consisted of prospecting, rock sampling and baseline and flagline grid construction. Hand trenches from the 1930's and 1970's were relocated and prospected. Outcrop was discovered in several new areas of the claim block. A 1 kilometre baseline was cut in with chainsaw and machete. Flagline grid was constructed over 6 kilometres.

Old hand trenches on Goldy 21-24 were relocated and were found to consist of barren granodiorite. Untrenched outcrops were also prospected and several were found to contain granite and monzonite with pyrite and arsenopyrite.

One old cat trench near the Freegold Road was prospected and was found to consist of an unmineralized syenite, reminiscent of syenite found on the Caribou Creek property 6.5 km to the west.

Rock sample locations can be seen on Figure 4 on the next page. Descriptions of rock samples are located in Appendix A. Samples will be submitted for assay in the future.



137°05'

62°15'

| | | |
|---------------------------------|------------------------------|-----------------|
| Midnight Mines Ltd. | | |
| ROCK SAMPLE LOCATION MAP | | |
| Goldy Property | | |
| <i>Tintina Consultants</i> | | |
| Scale: 1:31,680 | X R1 Rock sample with number | Date: Dec. 2002 |
| NTS 115 I3 & 6 | | Figure 4 |

Conclusions and Recommendations

Schmidt (1988) recommended that continued careful exploration of the Goldy project was warranted. He recommended a two phase program consisting of early trenching of geochemical anomalies and known mineral occurrences, followed by drill testing of more advanced targets. Preliminary drilling of the Goldy zone by Schmidt and his crew has shown that gold values are more widespread than previously known; vein systems are present which do not appear to have a surface expression.

It may be possible to follow these blind vein systems with ground VLF-EM and magnetometer surveys. These surveys would help determine if the mineralized zones at the Goldy Zone connect with those at the American Yukon Showing (Dart Property) to the northwest. The presence of stibnite in the trenches on both properties as well as the presence of northeast and northwest trending vein sets (key hosts to mineralization in the Mt. Freegold area) support this concept.

In order to carry out this geophysical survey, a new baseline should be cut in a northwest-southeast direction intersecting the "existing" baseline on the Goldy property in the Goldy Zone area. This baseline should extend approximately 3 km to the northwest to the area of the American Yukon shaft on the Dart property. Gridlines should be on 50 metres spacings, one kilometre in each direction from the baseline on the Goldy property. This would cover most of the known occurrences on the Goldy property and ascertain whether the mineralization in the two properties is connected. This preliminary geophysics program would better define trenching and drilling targets.

Schmidt (1988) outlined 9 targets for trenching:

1. Whale Vein – to better expose the mineralization located at the southeast edge of the outcrop, as well as the entire geologic setting (150 metres).
2. Forbes Creek Showings – this area merits considerable trenching to better expose known mineralization and to explore the substantial Au+As soil anomaly associated with the quart veining. Careful geological mapping of all bedrock is also necessary to determine if the altered dacite unit underlies any of this area (300 metres).
3. Grizzly Gulch – the vein at L1W/4+75S which assayed 0.218 opt Au should be opened up to determine its width, attitude, and economic potential, recognizing that it does occur close to the western property boundary (50 metres)
4. L3E/9+40S – interesting gold values here warrant further exploration
5. Goldy Zone – the assay intercept of 0.22 opt Au over 2 metres in the upper part of 88 G-13 merits trenching to determine its attitude and continuity (50 metres)
6. Goldy Zone – the extension of the altered dacite unit south of trench 87-7 should be explored because of the near-surface assay of 0.051 opt/6.0 metres in hole 88 G-6. (Trench 87-8 could be deepened into bedrock) (50 metres)
7. L27E/4N – excavator trenching is warranted here to explain the cause of the geochemical soil anomaly (100 metres)
8. L29E/5N – excavator trenching is also warranted here as this geochemical anomaly may be related to that on L27E (100 metres)

9. L34E/2+50S – a significant Au + As soil anomaly occurs just above the road which merits trenching to determine its cause (100 metres).

All of these targets are still recommended.

As suggested by Schmidt (1988), a second phase of the program would include summer drilling. Drill targets would be generated by earlier geophysics and trenching. As well, remapping of the Goldy Zone to determine the limits of the altered dacite unit is recommended. Four drill holes within the Goldy Zone which should be drilled would be located at:

- 13+12E/0+15S; 052°/-45°; 75 metres
- 13+12E/0+5N; 052°/-45°; 75 metres
- 12+87E/0+10S; 052°/-45°; 75 metres
- 13+37E/0+15S; 052°/-45°; 75 metres

It is recognized that recovery is a key issue. Either HQ drilling, with split tube equipment, or reverse circulation rotary drilling equipment could help improve sample recovery and enlarge the sample size. Diamond drilling would provide more geological and structural information that is not available from the reverse circulation drilling.

Cost estimates for the proposed program follow on the next page.

Cost Estimates for the Proposed Program

Phase I

| | | | |
|----|--------------------------------------------|------------------------|-------------------|
| 1. | Geophysics | | |
| | Baseline construction | | |
| | 2 km @ \$600/km | 1,200.00 | |
| | Flagline Grid | | |
| | 45 km @ \$250/km | 11,250.00 | |
| | VLF-EM | | |
| | 45 km @ \$250/km | 11,250.00 | |
| | Magnetometer | | |
| | 45 km @ \$250/km | <u>11,250.00</u> | |
| | | | 34,950.00 |
| 2. | Excavator Trenching | | |
| | 25 days @ \$1,500/day | 37,500.00 | |
| | Mob and demob | <u>2,500.00</u> | |
| | | | 40,000.00 |
| 3. | Bulldozer (roads, camp construction) | | |
| | 50 hours @ \$130/hour | <u>6,500.00</u> | |
| | | | 6,500.00 |
| 4. | Camp construction and rental | | |
| | 30 days @ \$100/day | 3,000.00 | |
| | Materials and labour | <u>6,000.00</u> | |
| | | | 9,000.00 |
| 5. | Camp Operation (30 days, 6 men & cook) | | |
| | 220 man days @ \$25/day | 5,500.00 | |
| | Cooks wages @ \$200/day | <u>6,000.00</u> | |
| | | | 11,500.00 |
| 6. | Assaying | | |
| | 500 samples @ \$20/sample | <u>10,000.00</u> | |
| | | | 10,000.00 |
| 7. | Transportation, Expediting, Communications | <u>5,000.00</u> | |
| | | | 5,000.00 |
| 8. | Supervision/Geology/Labour | | |
| | Including interim report | <u>21,500.00</u> | |
| | | | <u>21,500.00</u> |
| | | Subtotal | 138,450.00 |
| | | 10% Contingency | <u>13,845.00</u> |
| | | Total | 152,295.00 |

Cost Estimates for the Proposed Program cont'd.

Phase II

| | | | |
|-----|--------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------|
| 1. | Diamond Drilling – HQ split tube 16 holes, each 75 metres = 1,200 metres Contract price @ \$100/metre Mob/demob | 120,000.00 <u>5,000.00</u> | |
| | | | 125,000.00 |
| 2.. | Bulldozer (drill site, moving – D7) 80 hours @ \$130/hour | <u>10,400.00</u> | |
| | | | 10,400.00 |
| 3. | Assaying 600 samples @ \$20/sample | <u>12,000.00</u> | |
| | | | 12,000.00 |
| 4. | Camp Operation (25 days, 6 men & cook) 175 man days @ \$25/day Cooks wages @ \$200/day | 4,375.00 <u>5,000.00</u> | |
| | | | 9,375.00 |
| 5. | Camp Rental & Supplies 25 days @ \$100/day Labour and supplies | 2,500.00 <u>4,000.00</u> | |
| | | | 6,500.00 |
| 6. | Transportation, Expediting, Communications | <u>5,000.00</u> | |
| | | | 5,000.00 |
| 8. | Supervision/Geology/Labour Including final report | <u>20,000.00</u> | |
| | | | <u>20,000.00</u> |
| | | Subtotal | 188,275.00 |
| | | 10% Contingency | <u>18,275.50</u> |
| | | Total | <u>207,102.50</u> |
| | | Total Phase I and II | 359,397.50 |

Appendix A – Sample Descriptions

| Sample | Description |
|--------|-----------------------------------------|
| 1 | Buff coloured granite with arsenopyrite |
| 2 | Buff to pink granite with pyrite |
| 3 | Quartz monzonite |
| 4 | Quartz monzonite |
| 5 | Quartz monzonite |
| 6 | Granodiorite with pyrite (minor) |
| 7 | Syenite with minor pyrite |

Certificate

I, SUSAN PATRICIA CRAIG, of the City of Whitehorse, in the Yukon Territory, HEREBY CERTIFY:

1. That I am consulting geologist and that I am familiar with the property area.
2. That I am a graduate of Lakehead University (M.Sc. Geology, 1991) and the University of Calgary (B.Sc., Geology, 1986).
3. That I am a registered Professional Geoscientist with the Association of Professional Engineers and Geoscientists of British Columbia.
4. That I have been engaged in mineral exploration and development on a full time basis for 11 years in the Yukon and British Columbia.
5. That I have no interest, direct or indirect in the properties or securities of Midnight Mines Ltd. nor do I expect to receive such interest.

SIGNED at Whitehorse, Yukon this 7th day of December, 2002.

Susan P. Craig

Susan P. Craig, P. Geo.



Statement of Costs

2002 Work

Prospecting/Sampling/Linecutting

| | |
|------------------------------------|-------|
| Bill Harris, 3 days @ \$300/day | \$900 |
| Dirk Moraal, 3 days @ \$300/day | \$900 |
| Tavis Hierlihy, 3 days @ \$200/day | \$600 |
| Ryan Gould, 3 days @ \$200/day | \$600 |

Transportation

| | |
|----------------------------------|-------|
| Truck Rental, 3 days @ \$100/day | \$300 |
| Quad, 3 days @ \$75/day | \$225 |
| Fuel | \$200 |

Food

| | |
|--------------------|-------|
| 12 days @ \$35/day | \$420 |
|--------------------|-------|

Subtotal \$4,145

Report Preparation

\$1,000

Total: \$5,145

References

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Gordey, S.P. and Makepeace, A.J., 1999. Yukon Digital Geology, Geological Survey of Canada, Open File D3826, and Exploration and Geological Services Division, Yukon, Indian and Northern Affairs Canada, Open File 1999-1(D).

Schmidt, A.J. 1988. Summary Report, Trenching, DiamondDrilling, Goldy, Darb, Brad, Dur Claims for Rea Gold Corp./Verdstone Gold Corp. J.V. and Dominion Explorers Inc.

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