

Assessment Report on the

## 2012 SOIL GEOCHEMICAL SURVEY

on the

### SNOWCAP PROJECT, YUKON

<u>Grant Number</u>	<u>Claim Name</u>	<u>Grant Number</u>	<u>Claim Name</u>
YD15017 - YD15200	INDY 17 - INDY 200	YD62257 - YD62268	VIP 457 - VIP 468
YD15205	INDY 205	YD62287 - YD62292	VIP 487 - VIP 492
YF28001 - YF28188	YR 1 - YR 188	YD62299 - YD62309	VIP 499 - VIP 369
YF28196 - YF28267	YR 196 - YR 267	YD62384 - YD62387	VIP 384 -VIP 387
YF28278 - YF28343	YR 278 - YR 343	YE27193 - YE27204	XY 81 - XY 92
YF28353 - YF28494	YR 353 - YR 494	YE27206	XY 94
YF28593 - YF28600	YR 345 - YR 352	YE27207	XY 141
YD51028	XT 28	YD51633	XY 133
YD51053	XT 53	YD51636	XY 136
YD51055	XT 55	YD51638 - YD51640	XY 138 - XY 142
YD51379 - YD51382	XT 379 - XT 382	YD08615 - YD08616	SOL 5 - SOL 6
YD51391 - YD51398	XT 391 - XT 398	YD08621 - YD08622	SOL 11 - SOL 12
YD51405 - YD51414	XT 405 - XT 414	YD08637 - YD08638	SOL27 - SOL 28
YD514335 - YD51446	XT 435 - XT 446	YD08657 - YD08658	SOL 47 - SOL 48
YD51451 - YD51460	XT 451 - XT 460	YD08675 - YD08676	SOL65 - SOL 66
YE27221 - YE27226	XT 463 - XT 468	YD08691 - YD08692	SOL 81 - SOL82
YD12511 - YD12516	VIP 501 - VIP 506	YD49149	BDW 59
YD61666 - YD61667	VIP 326 - VIP 327	YD49151	BDW 61
YD62088 - YD62097	VIP 388 - VIP 397	YD49153	BDW 63
YD62182 - YD62195	VIP 342 - VIP 355	YD51327 - YD51328	XT 327 - XT 328
YD62198 - YD62200	VIP 358 - VIP 360	YD51357 - YD51358	XT 357 - XT358
YD62233 - YD62244	VIP 433 - VIP 444		

WHITEHORSE MINING DISTRICT  
**Dates Worked:** June 4 - August 24, 2012

NTS Map 115J13, 115J14, 115JO03 and 115O04  
 UTM 566,500E; 6,969,000N (NAD 83, Zone 7)

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## **SUMMARY**

The Snowcap project consists of 5 contiguous properties operated by Independence Gold Corp. (“InGold”), including Boulevard, Tiger, Solitude, Solo and YCS. The Snowcap project is an early stage exploration project, focusing primarily on soil sampling. Activities over the past seven years have targeted structurally hosted, orogenic gold mineralization. During this time, InGold and its predecessors have conducted multiple rounds of soil geochemical surveys, collecting more than 19,000 soil and rock samples within the project’s boundary. This year, a total 5,484 samples were taken on the Snowcap project including, 5,228 soils and 256 rocks. The 2012 geochemical survey identified a new gold-in-soil anomaly now referred to as the Denali Zone, and succeeded in further defining and expending other gold-in-soil anomalies initially identified in 2010.

The Snowcap project comprises 1,716 quartz claims. The property is located in west-central Yukon approximately 135 kilometres (km) south of Dawson City, Yukon; 35 km south of Kinross Gold Corp’s White Gold deposit, and contiguous to the western side of the Coffee Gold project owned by Kaminak Gold Corporation. (Figure 1).

## **INTRODUCTION**

This report describes a subset of the results, including two of geochemical surveys completed on the western portion of the Snowcap project. This report discusses the results of a reconnaissance soil survey on the Solo property and a detailed follow-up survey on work completed in 2011 on the YCS property. Sampling for these two grids was conducted by InGold staff, over 107 man days between June 4 and August 24, 2012. The author participated in and managed the program. The Statement of Qualifications is contained within this report.

The objective of the geochemical surveys was to identify and delineate anomalous gold, arsenic and antimony trends in soils and to further evaluate the mineral potential of the Snowcap project.

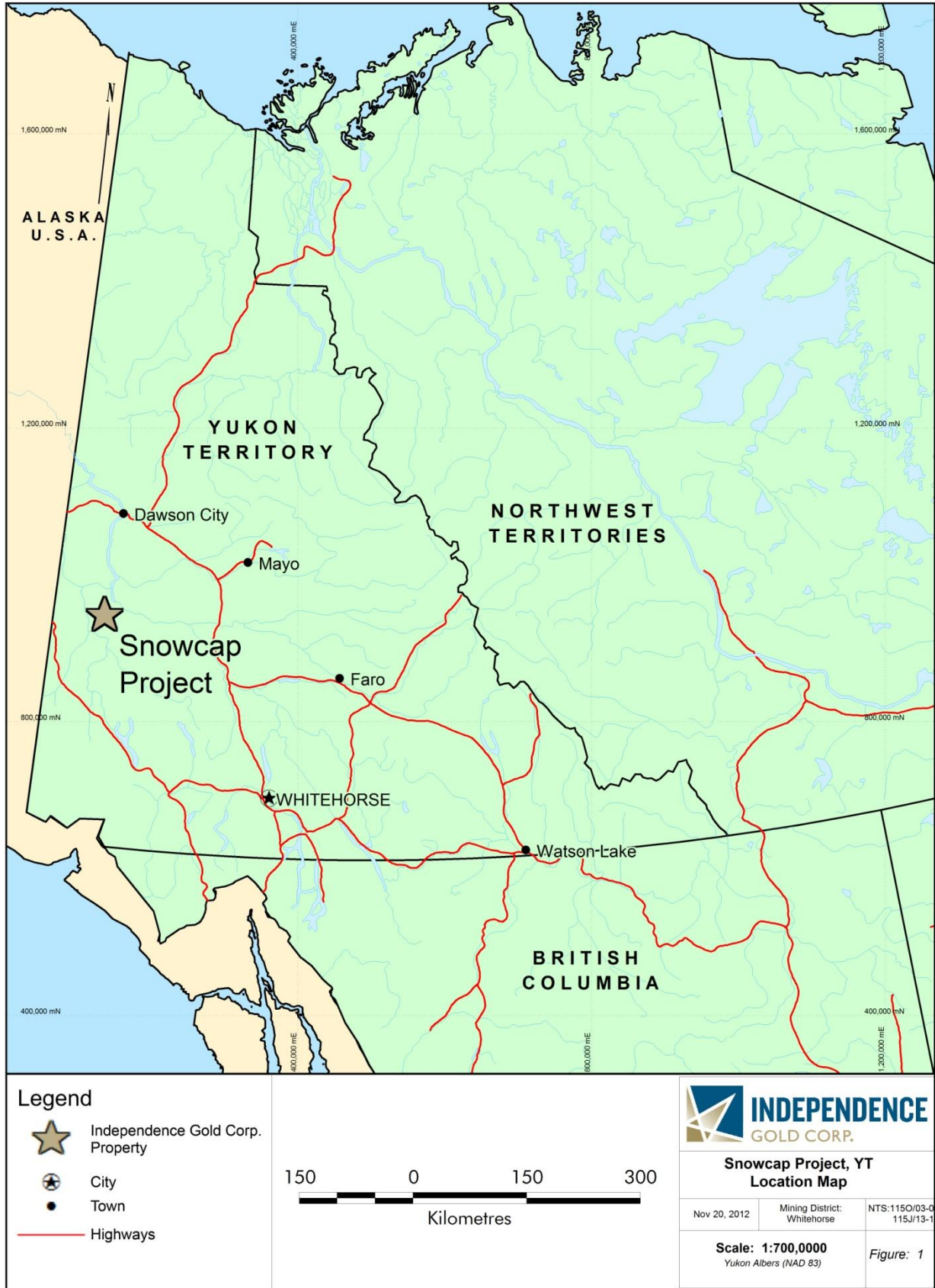


Figure 1 – Location Map

## CLAIM DATA AND OWNERSHIP

Silver Quest Resources Ltd. (“Silver Quest”) acquired the VIP claims from Goldspike Exploration Inc. in April 2011. The remainder of the claims covered in this report were acquired through various campaigns of ground staking between 2010 and present by both Silver Quest and InGold. Quartz claims are registered with the Whitehorse Mining Recorder and are pending transfer of ownership to Independence Gold Corp. This report covers 832 contiguous quartz mining claims; an approximate area of 17,380 hectares (ha) covering the western portion of the Snowcap project. Claim data for the claims covered in this report are listed below.

The Snowcap project in its entirety comprises 1,716 contiguous quartz claims and covers a total area of approximately 35,850 ha. The claim block centres on UTM 566,500E and 6,969,000N (NAD 83, Zone 7) on NTS map sheets 115J13, 115J14, 115O03 and 115O04 as shown on Figure 2. A five-year, Class 3 Permit (LQ00328) was granted to Silver Quest on September 1, 2011 and is pending transfer to Independence Gold Corp.

**Table 1 – Flow Claim Information**

<b>Grant Number</b>	<b>Claim Name</b>	<b>Pending Registered Owner/Operator</b>
YD15017 - YD15200	INDY 17 - INDY 200	Independence Gold Corp.
YD15205	INDY 205	Independence Gold Corp.
YF28001 - YF28188	YR 1 - YR 188	Independence Gold Corp.
YF28196 - YF28267	YR 196 - YR 267	Independence Gold Corp.
YF28278 - YF28343	YR 278 - YR 343	Independence Gold Corp.
YF28353 - YF28494	YR 353 - YR 494	Independence Gold Corp.
YF28593 - YF28600	YR 345 - YR 352	Independence Gold Corp.
YD51028	XT 28	Independence Gold Corp.
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YD51379 – YD51382	XT 379 – XT 382	Independence Gold Corp.
YD51391 – YD51398	XT 391 – XT 398	Independence Gold Corp.
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YD514335 – YD51446	XT 435 – XT 446	Independence Gold Corp.
YD51451 – YD51460	XT 451 – XT 460	Independence Gold Corp.
YE27221 – YE27226	XT 463 – XT 468	Independence Gold Corp.
YD12511 - YD12516	VIP 501 - VIP 506	Independence Gold Corp.
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YD62088 - YD62097	VIP 388 - VIP 397	Independence Gold Corp.
YD62182 - YD62195	VIP 342 - VIP 355	Independence Gold Corp.
YD62198 - YD62200	VIP 358 - VIP 360	Independence Gold Corp.
YD62233 - YD62244	VIP 433 - VIP 444	Independence Gold Corp.
YD62257 - YD62268	VIP 457 - VIP 468	Independence Gold Corp.
YD62287 - YD62292	VIP 487 - VIP 492	Independence Gold Corp.
YD62299 - YD62309	VIP 499 - VIP 369	Independence Gold Corp.
YD62384 - YD62387	VIP 384 -VIP 387	Independence Gold Corp.
YE27193 - YE27204	XY 81 - XY 92	Independence Gold Corp.

YE27206	XY 94	Independence Gold Corp.
YE27207	XY 141	Independence Gold Corp.
YD51633	XY 133	Independence Gold Corp.
YD51636	XY 136	Independence Gold Corp.
YD51638 – YD51640	XY 138 – XY 142	Independence Gold Corp.
YD08615 – YD08616	SOL 5 – SOL 6	Independence Gold Corp.
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YD08691 – YD08692	SOL 81 – SOL82	Independence Gold Corp.
YD49149	BDW 59	Independence Gold Corp.
YD49151	BDW 61	Independence Gold Corp.
YD49153	BDW 63	Independence Gold Corp.
YD51327 – YD51328	XT 327 – XT 328	Independence Gold Corp.
YD51357 – YD51358	XT 357 – XT358	Independence Gold Corp.







## **PROPERTY DESCRIPTION**

### **LOCATION**

The Snowcap project is located in the Independence Creek area on the south side of the Yukon River in west-central Yukon, approximately 135 km south of Dawson City, Yukon (Figure 1).

### **CLIMATE AND GEOMORPHOLOGY**

The Snowcap project lies within the Dawson Range, an area characterized by its rolling hills. Local elevations range from 400 m to 1,700 metres (m) above sea level. The higher elevation areas of the property are above tree line and covered with blocky felsenmeer and a thin layer of moss cover. Lower elevations support a mixture of stunted aspen, birch and spruce forest with thick willow and birch brush. Cold north facing slopes contain permafrost, and favour spruce tree growth, in contrast to the warm south facing slopes where permafrost is more intermittent, and aspen and birch trees along with ground brush predominate the vegetation cover of the hill sides.

Climate in the region is described as sub-arctic with short mild summers and long cold winters. Regional temperatures this season (June 4 to Aug 24) averaged 11 degrees Celsius, measured daily at approximately 8:30 am from the Independence Creek camp. Precipitation was observed almost daily throughout June and July with August exhibiting much dryer and sunnier weather. Appendix 2 contains a detailed weather log from the 2012 season.

Due to the mild summer temperatures, permafrost can be found throughout the geographic region. Locally permafrost is discontinuous, depending on slope direction, elevation and drainage patterns. Regionally, multiple freeze thaw cycles have resulted in an abundance of felsenmeer covered slopes and plateaus. The Dawson Range remained unglaciated during the Pleistocene, making outcrops rare, and maintaining a soil profile that is relatively in-place. The few outcrops that are present are located along sparsely vegetated ridges and in main creek drainages.

### **INFRASTRUCTURE**

Access to the Snowcap project in 2012 was via a twin engine Piper Navajo or a deHavilland Beaver operated by Tininta Air of Whitehorse Yukon. These planes were based in either

Whitehorse or Dawson City and flew to the Independence airstrip located on the Snowcap project. Access to other parts of the project was via an A-Star B2 helicopter operated by Northern Air Support of Kelowna and based at InGold's Independence Creek camp, 2.5 km north of the Independence airstrip.

Alternatively, several barge operators are available for hire to barge supplies up the Yukon River from Whitehorse or Carmacks. A barge landing does not currently exist; however one could be built at the northern end of the Snowcap project area on the Yukon River with the appropriate permits. Supplies would subsequently need to be mobilized by helicopter throughout the project area.

There are no roads that access to the Snowcap project.

## **HISTORY**

### **PREVIOUS WORK**

A staking rush of historic proportions followed the discovery of the Casino Copper Gold project in 1969. At this time much of the land now included in the Snowcap project was staked and worked. The first known work in the area was completed by the Dawson Range Joint Venture and consisted of a regional silt sampling program during July and August 1969, targeting Casino-style copper-molybdenum mineralization. Positive results from the regional silt program led to more staking and the completion of a soil sample grid on the eastern portion of the current Snowcap project. The soil survey conducted by the Dawson Range Joint Venture identified an anomaly with greater than 10 grams per tonne (g/t) molybdenum over an area of 12 hectares. A follow-up trenching program consisting of 7 tracker trenches was conducted in 1970 resulting in the Toni-Tiger discovery, Minfile occurrence 115J 052, later re-staked by S. Ryan as the Tiger claims in June 2006.

In December of 1969, Fawn Bay Development Company Ltd. and Hanna Gold Mines Ltd. staked the FBH claims on the south-western portion of the current Snowcap project and conducted reconnaissance grid soil sampling and limited geological mapping in 1970 (Minfile 115J 048). At this time two other companies were actively staking in the area. Gold Hawk Exploration Ltd. was staking the Monarch claims a few kilometres south of Toni Tiger, while

Northern Empire Mines Ltd. was staking the Keg claims a few kilometres to the west of Toni Tiger. No exploration was carried out at the time on either of these claim blocks (Minfile 115J 050 and 115 051).

The majority of claims staked in 1969 lapsed within a couple of years, and the land lay untouched until 2006. In June 2006, Rimfire Minerals and Northgate Minerals formed a Joint Venture to carry out a regional silt sampling program in selected areas of the Dawson Range, targeting Pogo-style intrusion-related gold systems. Several elevated gold values including one silt sample which returned 323 parts per billion gold (ppb) were returned from a creek draining the land west of Toni Tiger. These samples were followed up on in August of 2006 by prospecting, geological mapping and conducting a reconnaissance style soil sampling grid consisting of approximately 400 samples at 100 m sample intervals (Roberts and Baker, 2007). These results led to the staking of the central core of the Boulevard property in 2007.

In 2007, the Joint Venture between Rimfire Minerals and Northgate Minerals conducted a detailed soil sampling program, collecting 1,707 soils and completed an additional round of staking in 2008 creating the current Boulevard property. During the spring and early summer of 2008, the Joint Venture carried out a significant exploration program consisting of excavator trenching, prospecting, soil sampling and minimal geological mapping. The group returned in the fall of 2008 to extend the soil sampling grid, to complete a ground magnetic and an induced polarization geophysical surveys and completed 7 diamond drill holes (Minfile 115J 050). In July of 2009, the Joint Venture optioned the Boulevard property to Silver Quest, who conducted a short reconnaissance soil sample program that fall.

In 2009, Atac Resources Ltd. was also on the ground in the area, staking and working the Han claims (Minfile 115J 048). Atac Resources Ltd. completed a reconnaissance style soil sample survey consisting of 56 samples on behalf of Archer, Cathro & Associated (1981) Limited (Smith, 2010), who optioned these claims to Silver Quest in December 2009.

## **RECENT HISTORY**

2010 was an exciting year for Yukon exploration enthusiasts and for the Dawson Range in particular. Kinross Gold Corp announced the take over of Underworld Resources for \$139.2 million in March (Fleming, 2010) and Kaminak Gold Corp announced a discovery diamond drill

hole grading 17.1 g/t gold over 15.5 m at the end of May (Carpenter, 2010a) followed by a second diamond drill hole 2 weeks later which graded 1.08 g/t over 84 m (Carpenter, 2010b). The news from Kaminak sparked another staking rush of historic proportions across the district and marks the beginning of a significant period of growth for the Snowcap project.

During the 2010 field season Silver Quest completed a large exploration program with the help of Equity Exploration Consultants Ltd. The program included a detailed sampling program collecting 4,362 soils, 62 rocks and 8 silt samples, 62.5 line km of ground geophysics, 20 diamond drill holes totalling 3,006 m and minor amounts of prospecting and mapping (Baker 2011). During August of this year, Silver Quest made an agreement with S. Ryan to obtain the Tiger claims.

Silver Quest continued to work the Snowcap project in 2011. A variety of contractors as well as Silver Quest staff were used to complete the work. The majority of exploration work focused on soil sampling to identify anomalous geochemical trends in soil as well as to identify drill targets. A total of 5,473 soil samples were taken, 9 diamond drill holes were completed (1,434 m) and 3,410 line km of airborne geophysics including magnetics and radiometrics were flown. At the end of the season Silver Quest conducted a small staking program, staking 592 claims on the north end of the Solo property, these are part of the Solo property and the Snowcap project.

In December of 2011, Silver Quest was taken over by New Gold Inc. As part of the transaction Silver Quest's Yukon properties got transferred to Independence Gold Corp., who continues to work on the Snowcap project as well as a variety of other projects in the area.

## **GEOLOGICAL SETTING**

### **REGIONAL GEOLOGY**

The Snowcap project is situated within the Yukon-Tanana Terrane approximately 130 km southwest of the Tintina Fault in west-central Yukon. This area is characterized by various pericratonic terranes that were accreted to the ancestral continental margin of North America in the early Jurassic. During the mid-Cretaceous the pericratonic terranes were intruded by a northwest-southeast trending plutonic suite known as the Dawson Range Plutonic Belt (Hart et al. 2004).

## PROPERTY GEOLOGY

The Snowcap property has most recently been mapped and interpreted by G. McKenzie, M. Allan, and C. Hart of the Mineral Deposit Research Unit at the University of British Columbia. G. Mackenzie is currently completing his master's research thesis on the geology and mineralization of the Snowcap project. This section summarizes the current understanding of the geology in the project area.

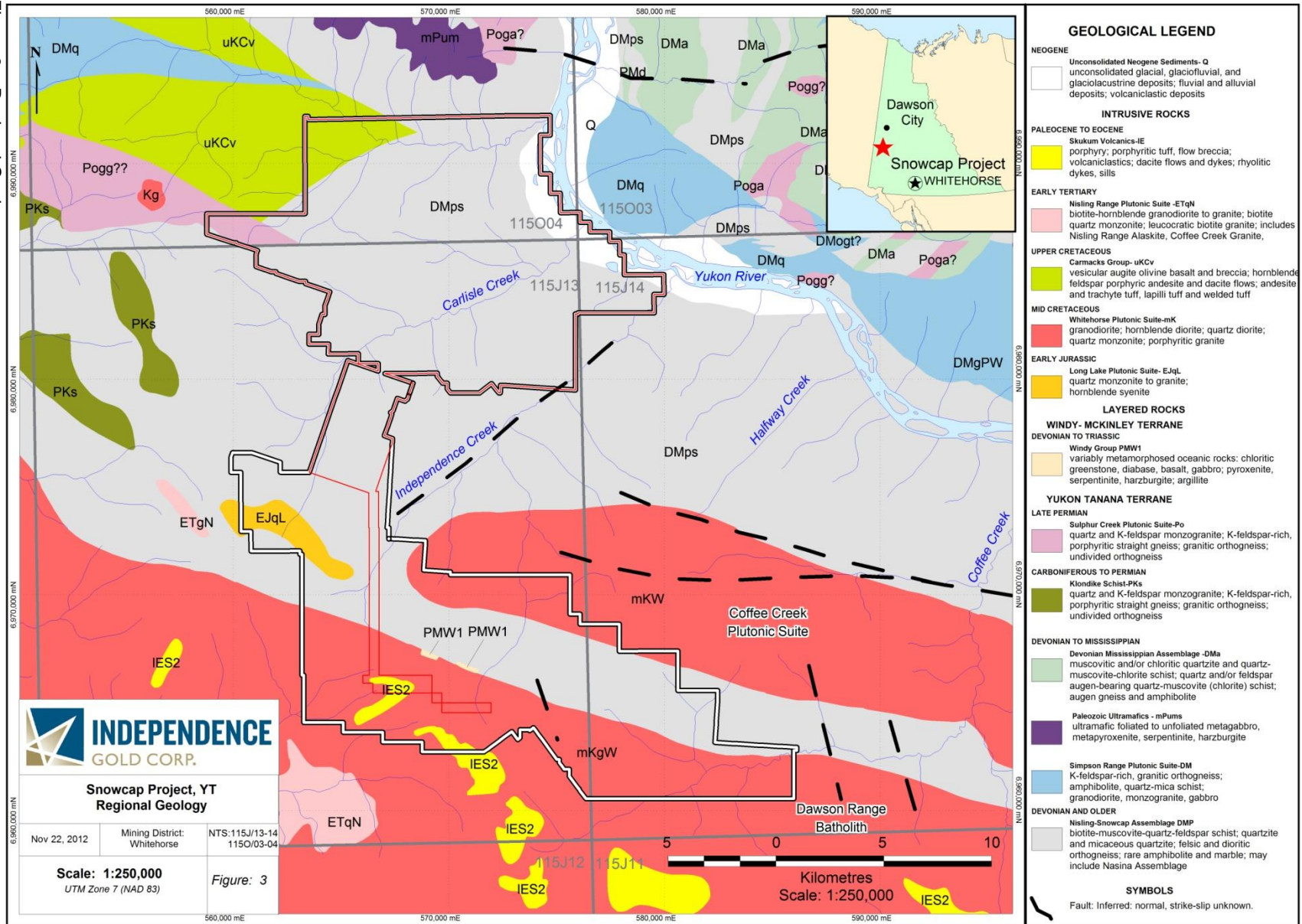
The Snowcap project is underlain by 3 main rock units; the Dawson Range Batholith, a mafic schist package, and the Coffee Creek plutonic suite. The majority of the property is underlain by the west-northwest trending belt of mafic schists belonging to the Nisling and Snowcap Assemblages. These assemblages are composed of local variations of schist including pyritic chlorite-biotite-actinolite schist, quartz-feldspar-augen schist and quartz-muscovite schist. These mafic schists have been metamorphosed to a greenschist facies as identified by the presence of chlorite, biotite and actinolite assemblages within the package (McKenzie et al, 2012).

The southern portion of the project is underlain by the Dawson Range Batholith, a medium to coarse grained biotite-hornblende granodiorite of mid-Cretaceous age. This rock unit is characterized by its massive to lineated nature and locally aligned hornblende and elongated quartz crystals. The intrusive Dawson Range Batholith is separated from the mafic schists to the north by a major crustal-scale thrust fault that has brought minor lens of ultra-mafic harzburgite to surface along the fault boundary (McKenzie et al, 2012).

The third rock type, the Coffee Creek plutonic suite, intrudes the mafic metamorphosed schists in the central portion of the project area. The Coffee Creek plutonic suite is composed of medium to coarse grained biotite granite with minor pegmatitic phases. A minor garnet-bearing, quartz-pyritic porphyry phase has been identified at the western end of the Coffee Creek pluton (McKenzie et al, 2012)

Jim Ryan, Research Scientist with the Geological Survey of Canada with the help of others is currently completing a geology map of the Stevenson Ridge map area, which geographically overlaps with the work that the Mineral Deposit Research Unit has been completing. Preliminary observations of J. Ryan's unpublished work indicate very similar surface geology, but a different interpretation of the evolution of the geology in the area (Ryan et al, unpublished). The author is interested to review the final published work early in the New Year.

Figure 3 – Regional Geology





## **GEOCHEMISTRY**

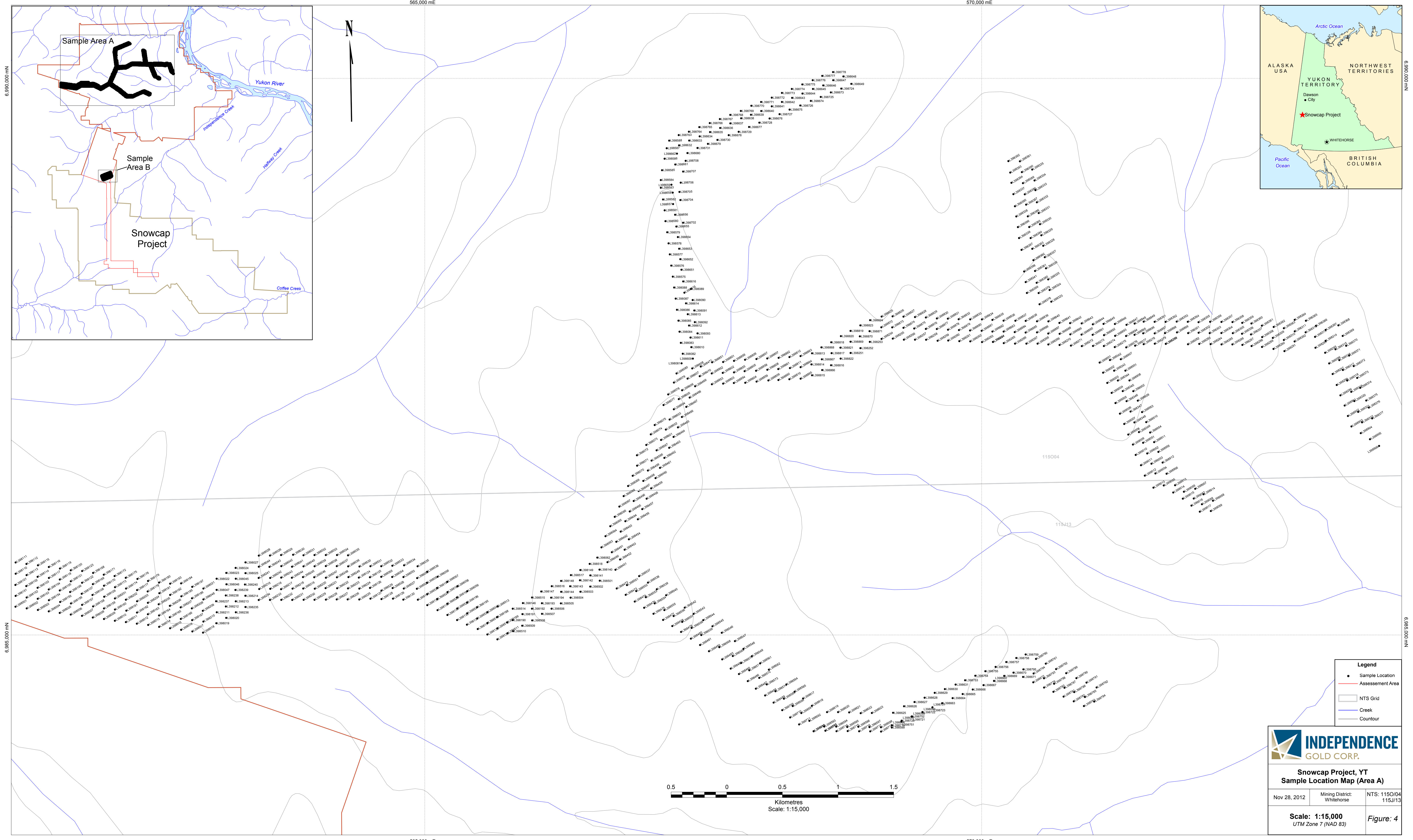
The 2012 exploration program at Snowcap consisted of 28 days (107 man days) of work for 2 - 4 soil samplers. A total of 1,633 soil samples were collected, from a variety of ridge and spur sample lines (Sample Area A – Figure 4) and a detailed sampling grid (Sample Area B – Figure 5). Samples were collected at 100 m intervals along ridges and spurs and at 25 m intervals in grid formation.

Samples were submitted to SGS Canada Inc. laboratory facility in Vancouver, an ISO 17025 certified facility. Upon arrival at the laboratory, soils samples were dried to 60 degrees Celsius in an industrial oven. Each dried soil sample was then weighed and sieved through a -180 micron sieve. A 30 gram (g) sample was obtained from the resulting material for analysis. Samples were analysed by aqua regia digestion and inductively coupled plasma with optical emission spectroscopy (ICP-OES) analysis for 34-elements. Gold was analysed by fire assay and atomic absorption spectroscopy (FAA313). Assay certificates of analysis, laboratory certification and analytical method summaries are presented in Appendix 1 at the end of this report.

## **SOIL GEOCHEMISTRY**

Soil samples collected during the 2012 season were obtained by InGold employees using shovels, Dutch augers, and towels. The soil sampling method is described below.

InGold samplers were trained to use rigorous sampling procedures when collecting B- and C-horizon soil samples. Samplers began by removing a 30 centimetre (cm) by 30 cm section of moss matt or vegetative cover. Second, a soil pit of similar dimensions was hand excavated; exposing A and B soil horizon boundaries and reaching the top of the C-horizon where feasible. The depth of the pit varied from 20 cm to 60 cm, depending on sampling conditions. If a B-horizon sample was the goal then a sample was obtained from the bottom of the pit using a pre-contaminated trowel. When C-horizon samples were the goal a handheld Dutch auger was placed in the bottom of the pit, and used to auger as deep as possible (~75 – 90 cm total depth). Soil cores, the length of the head of the auger, were removed from the auger hole each time the auger filled with soil. Cores were placed on plastic tarps beside the hole, allowing the samplers to visualize the soil horizons down depth. This method also allows samplers to make detailed and accurate observations about the soil in that area. Once maximum depth was reached, the auger was used to clean the remaining soil from the bottom of the hole. This



- Legend**
- Sample Location
  - Assessment Area
  - NTS Grid
  - Creek
  - Contour

**INDEPENDENCE GOLD CORP.**

**Snowcap Project, YT  
Sample Location Map (Area A)**

Nov 28, 2012	Mining District: Whitehorse	NTS: 1150/04 115J/13
Scale: 1:15,000 UTM Zone 7 (NAD 83)		Figure: 4



6 890 000 mN

6 885 000 mN

565,000 mE

565,000 mE

570,000 mE

570,000 mE

6 890 000 mN

6 885 000 mN

material was set aside and classified as “*sluff*” originating from the walls of the hole. The auger was then cleaned prior to taking the final core (which became the sample) from the bottom of the hole. Samples ranged in size of 300 grams to 400 grams of soil material. Each sample was collected in a standard KRAFT soil sample bag and was transported to the 2012 Independence Creek Camp for drying. At camp all samples were hung and dried for a minimum of 2 days in a heated tent prior to packing for shipment to the laboratory.

All sample locations were rehabilitated by back-filling the soil pit and replacing the moss mat or vegetative cover. This was done to minimize the environmental impact. Locations with permafrost or areas lacking mineral soils were not sampled. Equipment such as shovels, trowels and augers were cleaned between samples and pre-contaminated at each new sample site. Waterlogged samples were transported to camp in polyurethane bags to minimize cross-contamination. All sample locations were recorded using a hand-held GPS. All maps and UTM coordinates are referenced to the 1983 North American Datum (NAD 83), Zone 7. A magnetic declination of 22 degrees east was used for all measurements. A complete description of soil type, depth, thickness of the sample, the surrounding environment and the terrain was recorded at each location.

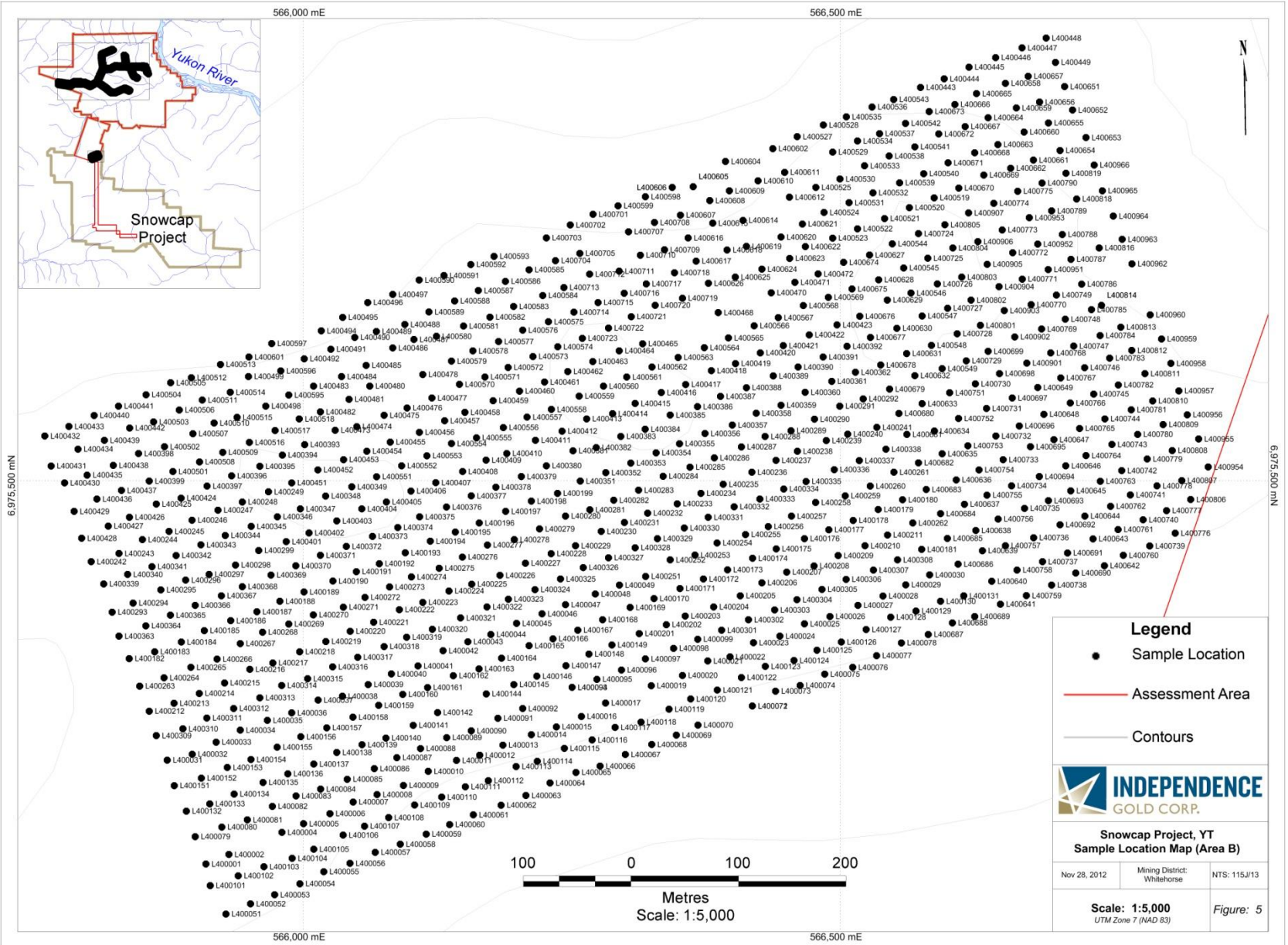
Assay statistics have been determined based on the InGold database which contains 31,003 soil samples collected across the Dawson Range. For the purposes of data interpretation, all values that were below the detection limit of the analytical method used were removed from the database (i.e. these sample results were set to null and removed from the valid count). The resulting assay statistics are listed below (Table 2).

**Table 2 – Geochemical Soil Survey Percentile Values**

	<b>Gold (ppb)</b>	<b>Silver (ppm)</b>	<b>Arsenic (ppm)</b>	<b>Antimony (ppm)</b>	<b>Copper (ppm)</b>	<b>Lead (ppm)</b>	<b>Zinc (ppm)</b>
98 <sup>th</sup> percentile	60.7	1.019	122.45	8	94.946	34	148.02
95 <sup>th</sup> percentile	32	0.61	59.6	3.41	68.1	21	118
88 <sup>th</sup> percentile	18	0.38	25.1	1	50.4	14.3	95
75 <sup>th</sup> percentile	11	0.24	11.9	0.55	38	10.9	79
50 <sup>th</sup> percentile	7	0.14	7.2	0.37	25.4	8	64
Maximum	7,010	17.7	6,730	1,325	718	1,750	1,020
Minimum	1	0.01	0.1	0.05	0.6	0.2	2
Valid Count	12,766	23,156	29,806	23,190	30,728	30,145	30,450



Figure 5 – Snowcap Sample Locations – Sample Area B



## **QUALITY ASSURANCE/QUALITY CONTROL**

For Quality Assurance-Quality Control (QAQC) purposes, field check samples were inserted into the sample stream every 50 samples. Blanks, comprised of powdered limestone, were inserted on every sample identification number ending in 00; while duplicates were inserted on every sample identification number that ended in 50. Duplicates were acquired from the same location, using the same method as the original sample. The field sample checks were analysed with the rest of the samples and resulting values were used to check the consistency of our sampling procedures and the analytical procedures used by SGS Canada Inc. Erroneous QAQC results were investigated and appropriate re-analysis undertaken when necessary. SGS Canada Inc. blanks, duplicates, standards and spikes were also used to confirm the accuracy of the analytical methods and instruments.

Quality Assurance-Quality Control (QAQC) samples for the Snowcap project passed without any significant concerns.

## **DISCUSSIONS AND CONCLUSIONS**

Soil geochemical survey results from the western portion of the Snowcap project were thematically mapped based on the geochemical statistics above (Tables 2). These geochemical percentiles are calculated based on 31,003 soil samples collected by or for InGold across the Dawson Range. Anomalous values returned from the 2012 exploration program on the Snowcap project were found to be consistent with the anomalous percentile values of the larger data sets.

The 2012 geochemical survey grids focused on two distinct areas of the Snowcap project. Sample Area A focused on ridge and spur sampling across an area of land that was staked in September 2011 and was unexplored at the start of the 2012 season. Sample Area B focused on following-up anomalous gold and arsenic values discovered during the 2011 exploration season. Both sample areas are located on ridge tops with fairly subdued elevation changes. Soil samples taken in ridge top areas typically yield more representative results of the decomposed bedrock below due to the lack of down-slope movement of the soil profile and the reduced amount of cover in relation to valley bottoms. The reduced cover also allows samples to be taken closer to the bedrock source. The 2012 geochemical surveys described in this

report identified a new gold-in-soil anomaly in Sample Area B, now referred to as the Denali Zone. Further work is recommended on the Denali Zone, and is outlined in the recommendations section below.

### **SAMPLE AREA A – GOLD, ARSENIC, ANTIMONY**

Sample Area A was covered by a reconnaissance style, ridge top soil sampling program designed to look for gold mineralization on newly acquired quartz mineral claims. B-horizon soil samples were collected at 100 m intervals along 3 ridge top sample lines spaced 100 m apart. Initial results were not promising. However, this area of the project has more loess cover than other parts of the project due to its proximity to the Yukon and White Rivers. It is possible that the bedrock material is not sufficiently being represented in the soil sample results due to the increased amount of loess in combination with the shallow B-horizon samples. Loess material accumulates on surface and over time becomes part of the soil profile, obscuring and diluting the influence of the decomposed bedrock within the soil profile. Two soil samples in Area A returned gold values greater than the 95<sup>th</sup> percentile. These samples are not located close together and are not surrounded by other samples with anomalous gold values (Figure 6). There is a small cluster of soil samples that returned greater than 98<sup>th</sup> percentile arsenic with coincident 98<sup>th</sup> percentile antimony. This cluster is not coincident with either of the two 95<sup>th</sup> percentile gold values (Figure 7).

### **SAMPLE AREA B – GOLD, ARSENIC, ANTIMONY AND MOLYBDENUM**

Sample Area B was designed to follow-up on a series of anomalous gold values discovered during a soil sampling campaign in 2011 that consisted of 100 m spaced samples in a grid formation. The 2011 anomalous gold values were situated on a topographic high, in a ring formation. The follow-up 2012 soil sampling program consisting of 803 C-horizon samples collected at 25 m intervals covering the topographic high. A new gold-in-soil anomaly was discovered and is now referred to as the Denali Zone. The Denali Zone is 700 m in length and contains 4 distinct areas that are identified by gold assay values greater than 75 ppb. Samples within the Denali Zone range from below detection to 4.53 g/t gold. Five samples within the Denali Zone returned gold values greater than 1.42 g/t (Figure 8). Arsenic is coincident with the gold values, consistently exhibiting the 98<sup>th</sup> percentile values throughout the Zone (Figure 10). Multiple 98<sup>th</sup> percentile values for antimony and molybdenum were also identified in the 2012 sample grid; however they are not coincident with gold or arsenic (Figure 10 and 11).



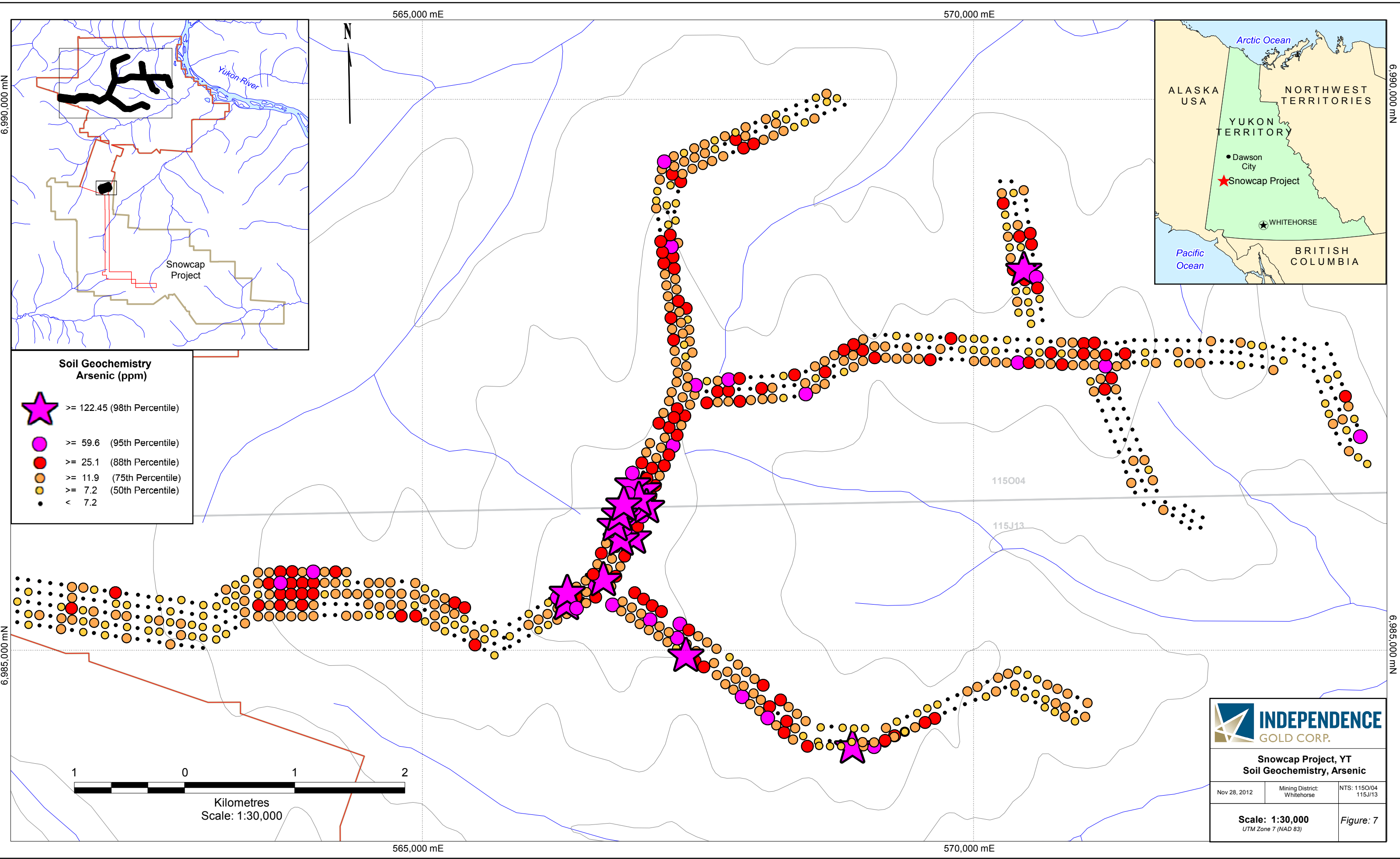
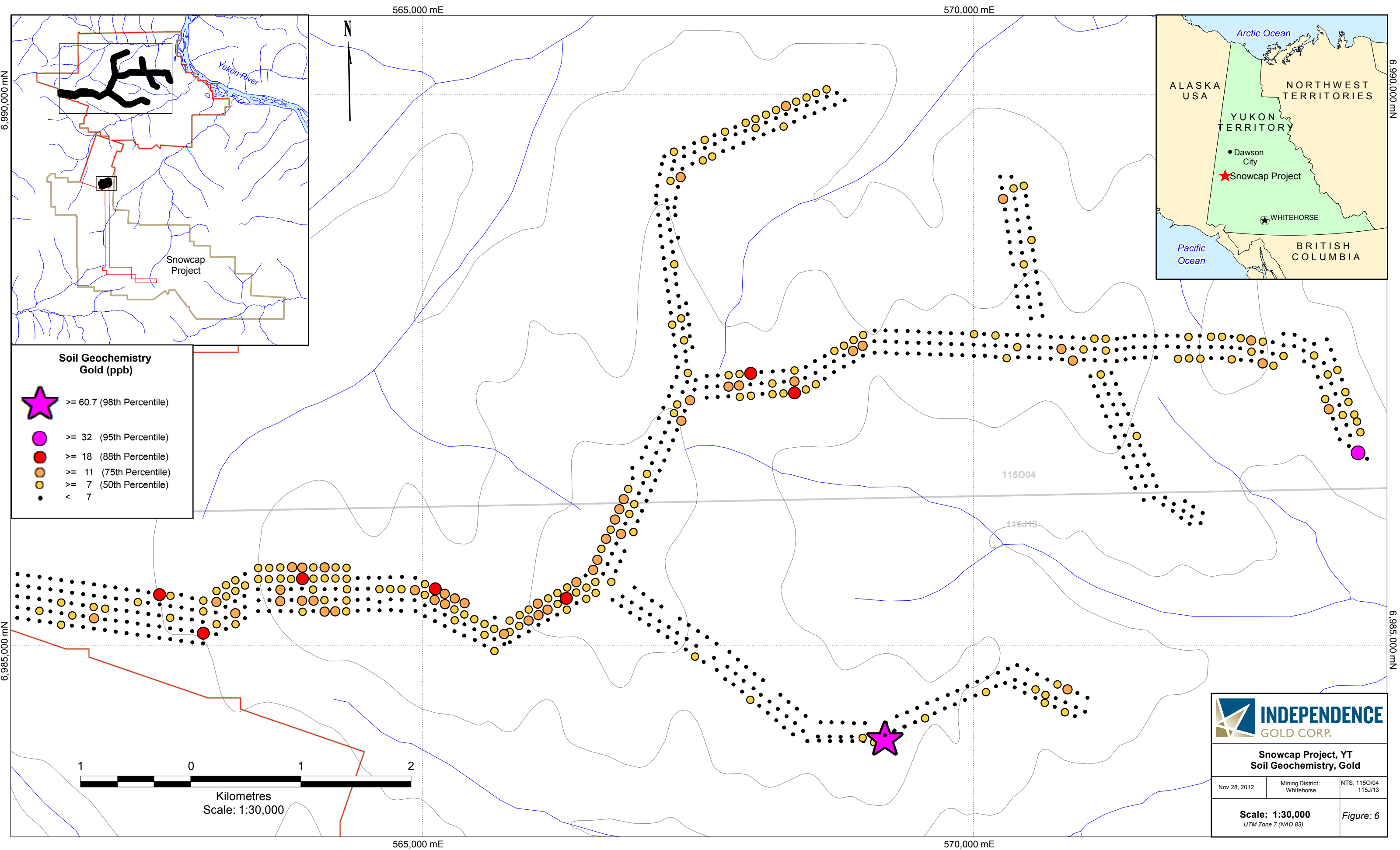


Figure 8 – Gold-in-Soil Geochemistry – Sample Area B

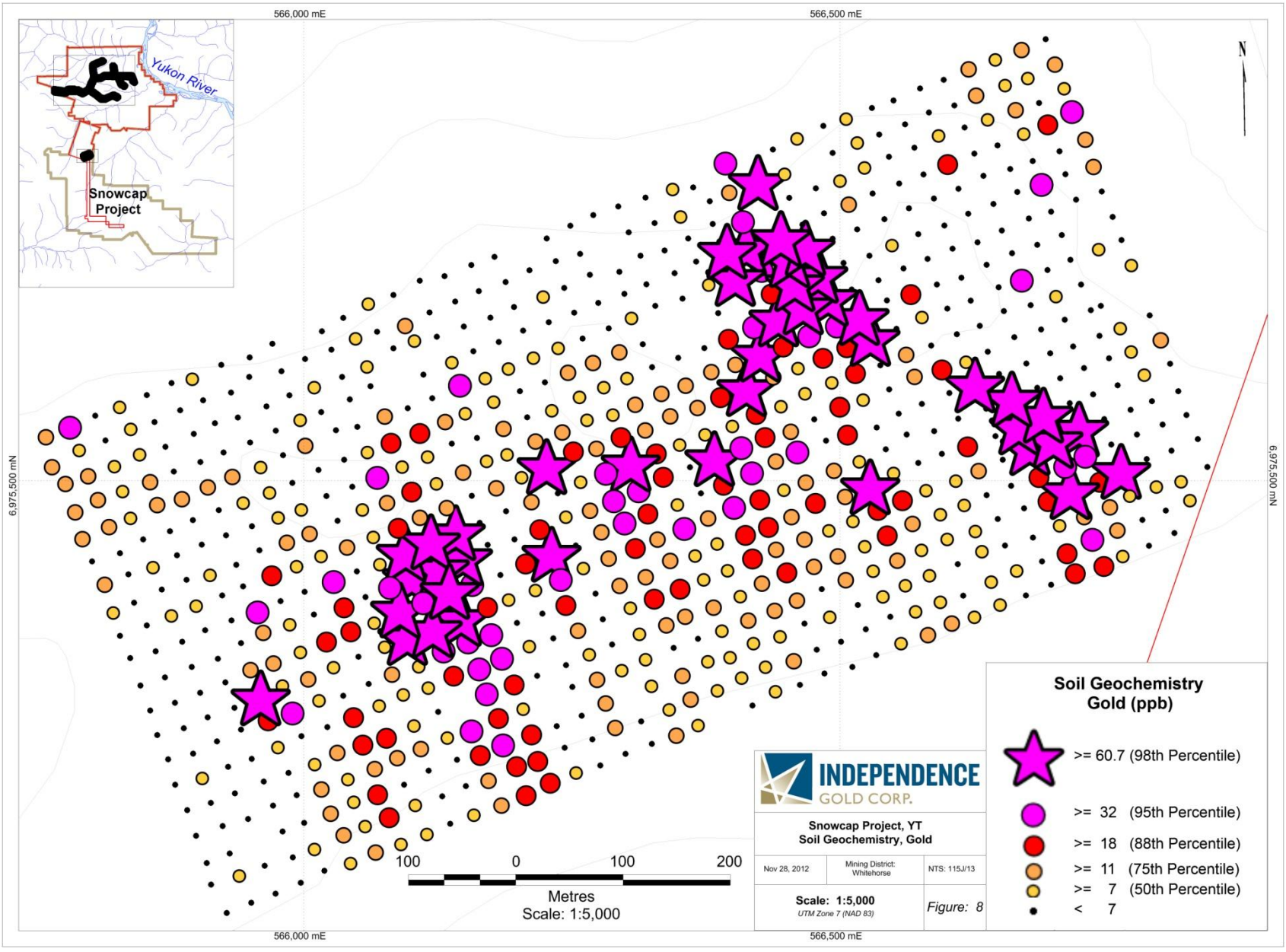




Figure 9 – Arsenic-in-Soil Geochemistry – Sample Area B

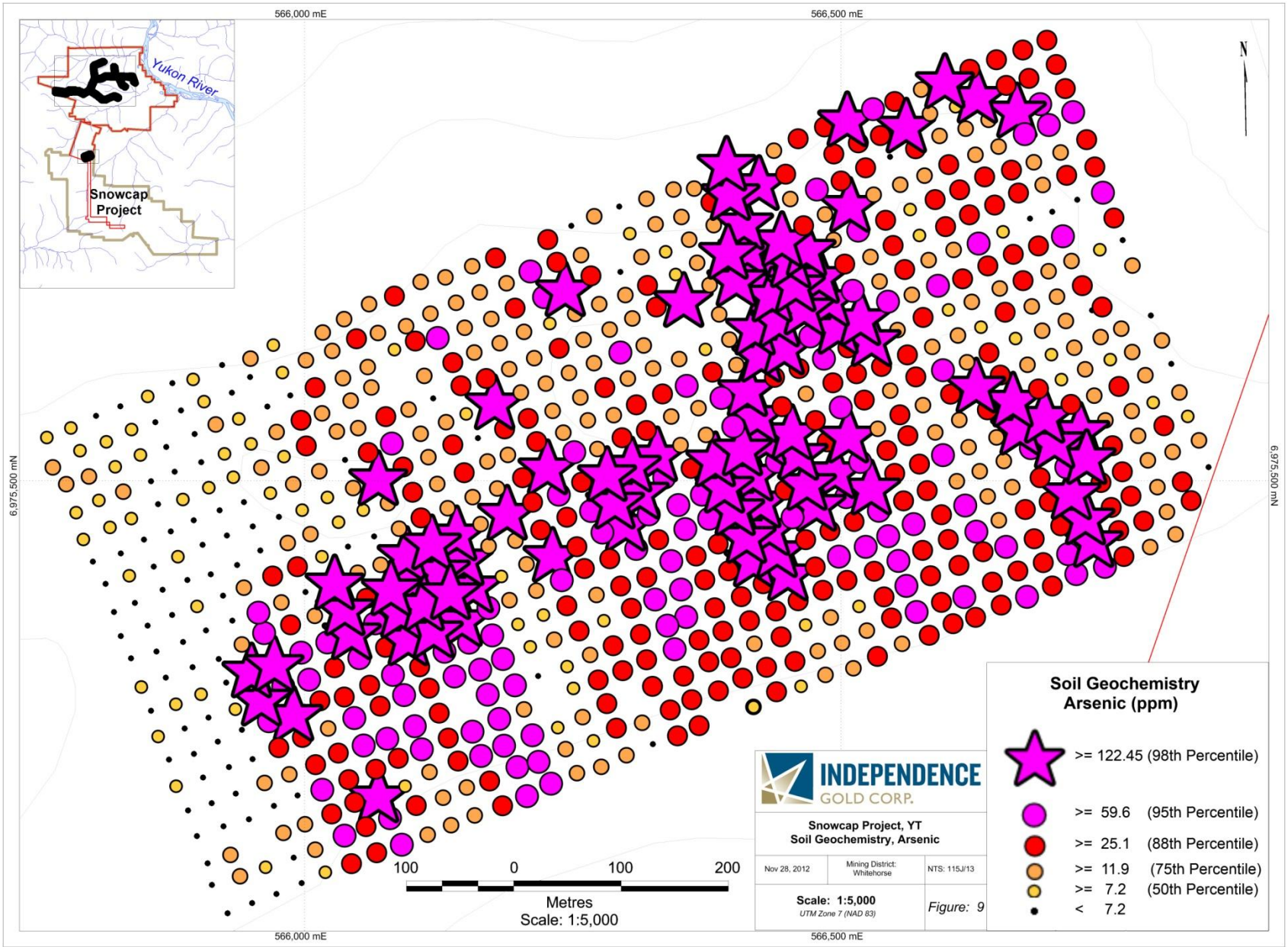


Figure 10 – Antimony-in-Soil Geochemistry – Sample Area B

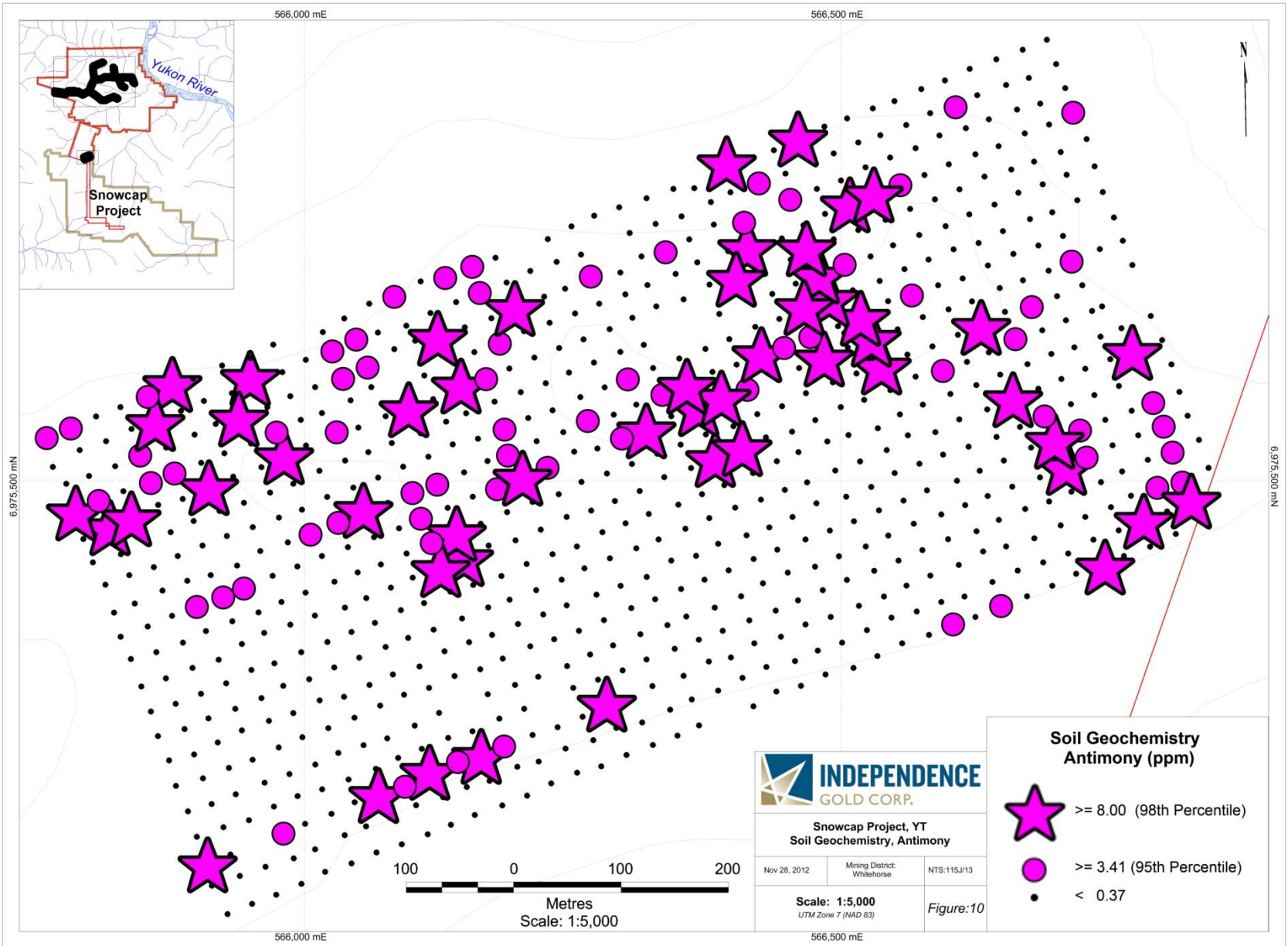
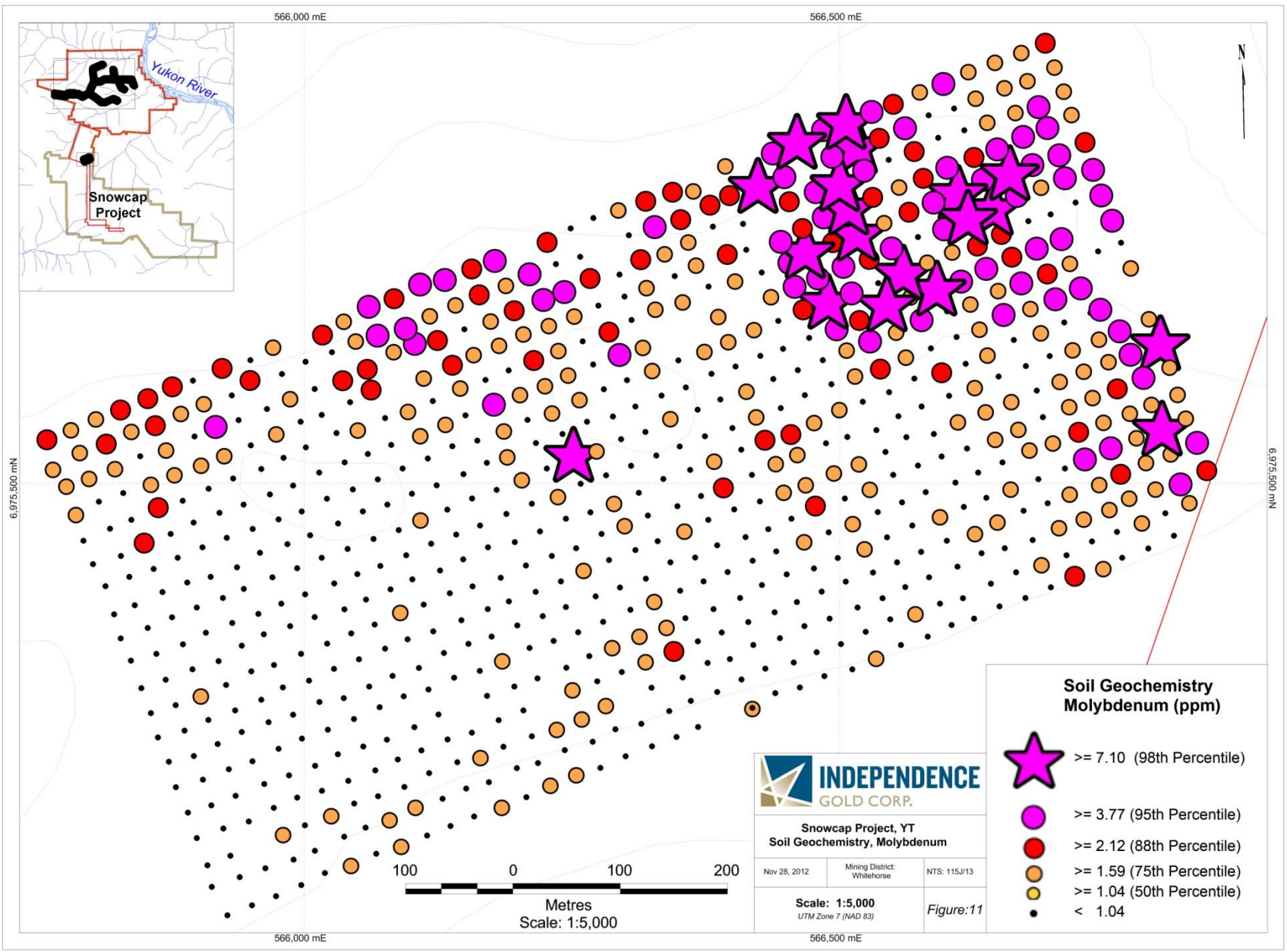




Figure 11 – Molybdenum-in-Soil Geochemistry – Sample Area B



## **RECOMMENDATIONS**

### **SAMPLE AREA A**

Although the results were not encouraging in Sample Area A, minimal follow-up work should be considered to confirm the negative results. Factors such as loess, recent forest fires and runoff, have possibly affected the landscape by increasing the depth of cover and depleting metal content in the soil. The following work is thus recommended:

- Three soil pits should be dug as deep as possible. These pits should be located on each of the two high gold point anomalies, and the third should be dug in the centre of the cluster of high arsenic values. Samples should be collected from these locations and sent to the lab for analysis.

### **SAMPLE AREA B**

Trace element geochemical results from the 2010 through 2012 exploration programs on the YCS property (within the Snowcap project area) have produce significantly anomalous results up to 4.53 g/t gold in soil samples within the Denali Zone. The Denali Zone is currently defined as a 700 m long gold-in-soil anomaly that averages 123.7 parts per billion gold and contains 5 samples that assayed greater than 1.42 g/t gold. In an effort to confirm mineralization in bedrock below the Denali Zone the following work is recommended:

- The Denali Zone should be tested with multiple shallow trenches that crosscut trends in soil mineralization. A small machine, such as a Can-Dig would be optimal due to the remoteness of the property and the ease of mobility of the machine on the hill tops. At this time, it is recommended that 4 trenches, each about 150 m long dug in each of the 4 main gold areas within the Denali Zone.
- If the trenching results are positive, a follow-up drill program to test mineralization at depth would be recommended.



## REFERENCES

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- Hart, J. R., Goldfarb, R., Lewis, L. L., and Mair, J. L. (2004) The northern Cordilleran mid-Cretaceous plutonic province: Ilmenite/magnetite-series granitoids and intrusion-related mineralization: *Resource Geology*, v. 54, p. 253-280.
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- Minfile 115J 050 (2012) BOULEVARD; Yukon Geological Survey, Mineral Occurrence
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- Minfile 115J 052 (2012) TONI TIGER; Yukon Geological Survey, Mineral Occurrence
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- Roberts, M., and Baker, D. (2007), 2006 Geological and Geochemical Report on the Rimfire-Northgate Alliance; Stewart River area, Yukon, unpublished Company report, p. 53.
- Smith, H. (2010), Assessment Report describing Soil Geochemical Sampling at the HAN Property, Archer, Cathro & Associates (1981) Limited.

## STATEMENT OF QUALIFICATIONS

I, Kendra A. Johnston, PGeo, BSc, of Suite 206-1550 Barclay Street, Vancouver, British Columbia, hereby certify that:

I am a graduate of the University of Victoria, British Columbia having obtained the degree of Bachelor of Science in Earth and Ocean Science and Geography, 2005.

I am a registered member of the Association of Professional Engineers and Geoscientists of British Columbia (#37719).

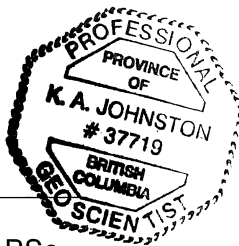
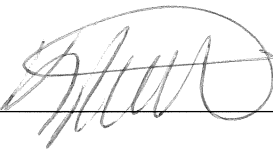
I have been continuously employed in the mineral exploration industry in Canada since 2005.

I am currently employed as a Project Geologist, by Independence Gold Corp. Suite 1410-650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4N8.

I am the author of the report entitled "2012 Soil Geochemical Survey on the Snowcap Project" dated November 30, 2012.

I managed and reviewed the geological work on site reported herein.

Dated this 30<sup>th</sup> day of November, 2012.



Kendra A. Johnston, PGeo, BSc

## STATEMENT OF EXPENDITURES

### Solo Statement of Expenditure

	<u>Quantity</u>	<u>Rate</u>	<u>Cost</u>	
Soil Samples Collected	830	\$ 65.00	\$ 53,950.00	
Sampler day(s)	60	\$ 350.00	\$ 21,000.00	
Geologist day(s)	14	\$ 500.00	\$ 7,000.00	
Planning and reporting day(s)	10.5	\$ 500.00	\$ 5,250.00	
Camp Costs (per man day)	74	\$ 500.00	\$ 37,000.00	
Helicopter Hour(s)	10	\$ 1,600.00	\$ 16,000.00	
Helicopter Fuel (drums)	11	\$ 900.00	\$ 9,900.00	
			\$ 150,100.00	
		Supervision: 12%	\$ 18,012.00	
		Total:	\$ 168,112.00	
		Claims Worked: 98	\$ 1,715.43	per claim worked
Dates Worked: June 12 - August 3, 2012				
Work Completed by: Independence Gold Corp.				

### YCS Statement of Expenditure

	<u>Quantity</u>	<u>Rate</u>	<u>Cost</u>	
Soil Samples Collected	803	\$ 65.00	\$ 52,195.00	
Sampler day(s)	30	\$ 350.00	\$ 10,500.00	
Geologist day(s)	3	\$ 500.00	\$ 1,500.00	
Planning and reporting day(s)	6	\$ 500.00	\$ 3,000.00	
Camp Costs (per man day)	33	\$ 500.00	\$ 16,500.00	
Helicopter Hour(s)	4	\$ 1,600.00	\$ 6,400.00	
Helicopter Fuel (drums)	4	\$ 900.00	\$ 3,600.00	
			\$ 93,695.00	
		Supervision: 12%	\$ 11,243.40	
		Total:	\$ 104,938.40	
		Claims Worked: 6	\$ 17,489.73	per claim worked
Date(s) worked: June 4 - August 26, 2012				
Work Completed by: Independence Gold Corp.				

**APPENDIX 1**  
**Laboratory Assay Certificates**  
**And Certification**

See Data Folder for Secured Assay Certificates

**APPENDIX 2**  
**Weather Log**