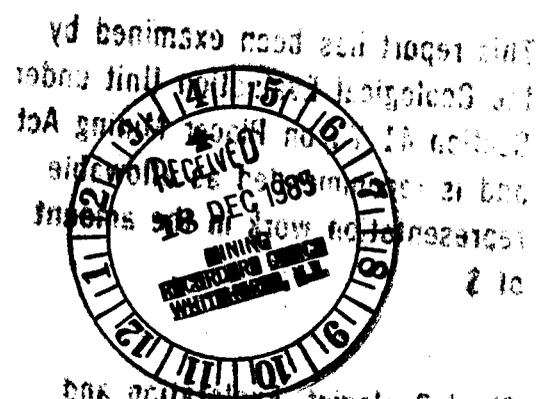


RUDE CREEK MAGNETOMETER SURVEY



Yukon Territory
Mineral Rights
Office of the Regional Manager
Whitehorse, Yukon Territory

Survey by John Devlin
August 6 - 15, 1985
Claim No's. 11443 - 11469
 11481 - 11508
63 48'N, 138 38'W
Sheet 115 J/10

120072

TABLE OF CONTENTS

Introduction	Page
General	3
Location	3
Survey Procedure	4
Interpretation and Conclusions	5
Recommendations	7
Rude Creek Location - 1:50,000	8
Statement of Value	9
Survey Compilation and Location Map	pocket 1
Magnetic Survey Profiles:	
Line 10W to 60E	pocket 2
Line 65E to 130E	pocket 3
Line 135E to 200E	pocket 4



INTRODUCTION

General

On August 6, 1985, myself and one assistant traveled to Rude Creek, Yukon, to perform a magnetometer survey for Finning Tractor Ltd. The property has seen mining in the past and was last active in 1981. In both mining operations and test sampling, black sands were encountered in association with the gold. As the client is proposing an extensive program of drilling to evaluate gold reserves along the creek, it was felt that a magnetometer survey, in its ability to map black sands, would provide a useful method of evaluating potential targets for the drill and to eliminate others from priority consideration. As the survey was to be more in the nature of a reconnaissance of the total creek length, it was felt that complete coverage at the recommended 100ft. line spacings would be too costly both in terms of time and money. Thus in consultation with the client, it was decided to run the survey with a line spacing of 500ft. and do any detailed work indicated at 100ft spacings. Though a 500ft line would not give us the ability to map any deposits, it was felt the chances were very good that it would pick up any anomalous trends, and thus provide good drill information.

Location

Rude Creek is about 185 air miles north west of Whitehorse at 138 38' west and 62 40' north. The creek is a tributary of Dip creek, lying about 10 miles east of Cassino Creek. There is an airfield located just off the property to the north. The creek is easily located in the north east quarter of the 115 J/10 map sheet. The property runs from the junction of Rude with Dip creek, to about 1 mile past Tremblay Creek. [See the enclosed location map]

Along the lower half of the property, the valley is fairly wide; about 1500ft. As one moves up-stream the valley narrows until at the top of the property it is less than a thousand feet between talus slopes on both sides. There is about a thousand foot change in elevation along the 4 mile length of the property.

SURVEY PROCEDURE

A baseline was put in following the cleared track of the claim line. Lines were established every 500 feet along this line, running from 10+00 west to 200+00 east. Because the line followed the creek, our baseline was not straight though efforts were made to keep it so when possible. Any deviations were kept track of and the true location of the survey lines plotted on a location map. Control was by compass and hip-chain. One man would lead, flagging stations every 100ft along the lines, and the other followed with the magnetometer, taking readings every 25ft. Care was taken to ensure a minimum clearance between the mag and the line person. At the end of each line, we turned 90 degrees to pick up the next line and followed it down to the baseline. Generally, tie-ins were within 10ft and in cases of error, the plotting points of the data was corrected accordingly.

The equipment used was the EDA PPM 350 and 400 proton magnetometers. These represent the latest generation of geophysical equipment, having solid state internal memories for the storage of data. The system includes the 350 field unit and the 400 base station. The base station was set up about 600ft north of camp because of an excess of iron equipment at the camp location. The use of a base station negates the effects of diurnal drift, the phenomenon whereby the earth's magnetic field constantly fluctuates. The base station was set to take a reading every 20 seconds. The reading was automatically recorded along with the precise time of the reading in the machine's memory. The field mag's internal clock was then synchronized with that of the base station and the survey run. At each station, the field mag records in it's memory the mag field reading, the grid location at which the reading was taken, and the exact time of the reading. When the day's survey was completed, the two machines were connected together, the base station read each value stored in the field unit and corrected each based on the time the reading was taken and the value of base reading at that time. Thus any change in the background magnetic field is automatically compensated for.

INTERPRETATION AND CONCLUSIONS

As a 500ft line spacing is too large to permit accurate contouring between lines, no effort was made to do so. Instead the profiled plots were studied and areas of higher magnetic signature were determined. These zones were then transferred on a line by line basis to a base location map. Both plots are included in this report, though it must be noted that the profiles of the mag data are simply plots along the scaled lines. The accurate distance between these lines has been halved so as to save space. Thus these profiles do not serve as a map of results, but simply their presentation. For an accurate presentation of these findings, one needs refer to the compilation and location map. The interpreted results of the survey remain fairly conservative. Any magnetic highs plotted are most likely caused by black sand concentrations. Though there are several areas of extremely subtle mag highs seen on the profiles which may in light of future drilling be caused by black sands, they have, in this report, been disregarded.

When one looks at the compilation map, one can see that indeed, certain trends have been delineated. This lends validity to the decision to run with 500ft lines. However, the lack of detailed information between these lines makes analysis of the actual deposits difficult. To therefor place drill targets we can only investigate these trends, realizing that though the trend be identified, the highest values along that trend may occur outside our areas of survey. A qualitative differentiation has been attempted between different magnetic magnitudes to further limit target areas. I would suggest that the higher concentrations be tested first, followed by the lesser.

Perhaps the area of most interest is the bottom portion of the property. Not only is there an abundance of trends identified, but the absolute magnitude of these anomalies is greater than at other points on the grid. This could be caused by a change in the magnetic signature of the underlying rocks. Most likely, I think, is the possibility that the thickness of magnetite bearing gravels has increased to give these higher values. Evidence of this can be seen in lines 10W to 5N where the background levels fall to normal values for this grid in the north, yet increase significantly over the trends of interest.

Another area of interest is that between lines 70E and 95E. These anomalies are situated in benches significantly away from the present creek bed and against the hill rising to the north edge of the property. Throughout this area, there are very subtle magnetic increases along the actual creek that could indicate minor deposition. These however have not been plotted because of the very minor nature of the signature and the doubt that this presents.

As might be expected, between lines 110E and 130E where mining occurred in 1981, there is virtually no magnetic

signature, indicating perhaps that indeed the deposit has been removed. A surprise in this case is the lack of any magnetic anomalies in the stripped benches north of the creek which, I assume, were supposed to be gold bearing. I would suggest that this area be given a low drilling priority, if at all.

From lines 150E to 200E there is a very strong trend running up the creek. The signature is strong, narrow, and continuous. As such it should be easy to test. However; the valley is narrowing at this point and beyond line 175E there are talus slopes on both sides, though that to the north is heavily overgrown. As such, some of this magnetic activity I would expect to be caused by rock with a higher magnetite content, such as granites or grano-diorites, being carried off the steep slopes on either side. Still, the local is promising and the anomalies must be tested.

RECOMMENDATIONS

My first recommendation would be for additional magnetic surveys to be done on the property over areas of interest. This would serve to illuminate the nature of any deposits and when drilled, would allow us to differentiate much more clearly between the magnetic signatures of high-grade deposits and of low-grade or barren deposits. Thus, perhaps overly extensive drilling could be avoided.

However, the present survey, at 500ft spacing has clearly identified targets along the length of the creek. These must be drilled, and if successful, the drill must be moved into position to test those areas between the survey lines for possible increases in deposition.

I would suggest that the drill be located at the higher magnetic sites and work outwards from these through areas of lesser concentration. If this drilling of the indicated high black sand concentrations proves not to carry significant gold, then we should investigate the more subtle features on the profile plots. Again, this is going to be difficult at this line spacing. One of the prime advantages of a tighter spacing is the ability to cross check subtle features and anomalies from one line to another. This increases the reliability of the interpretation as well as the resolution.

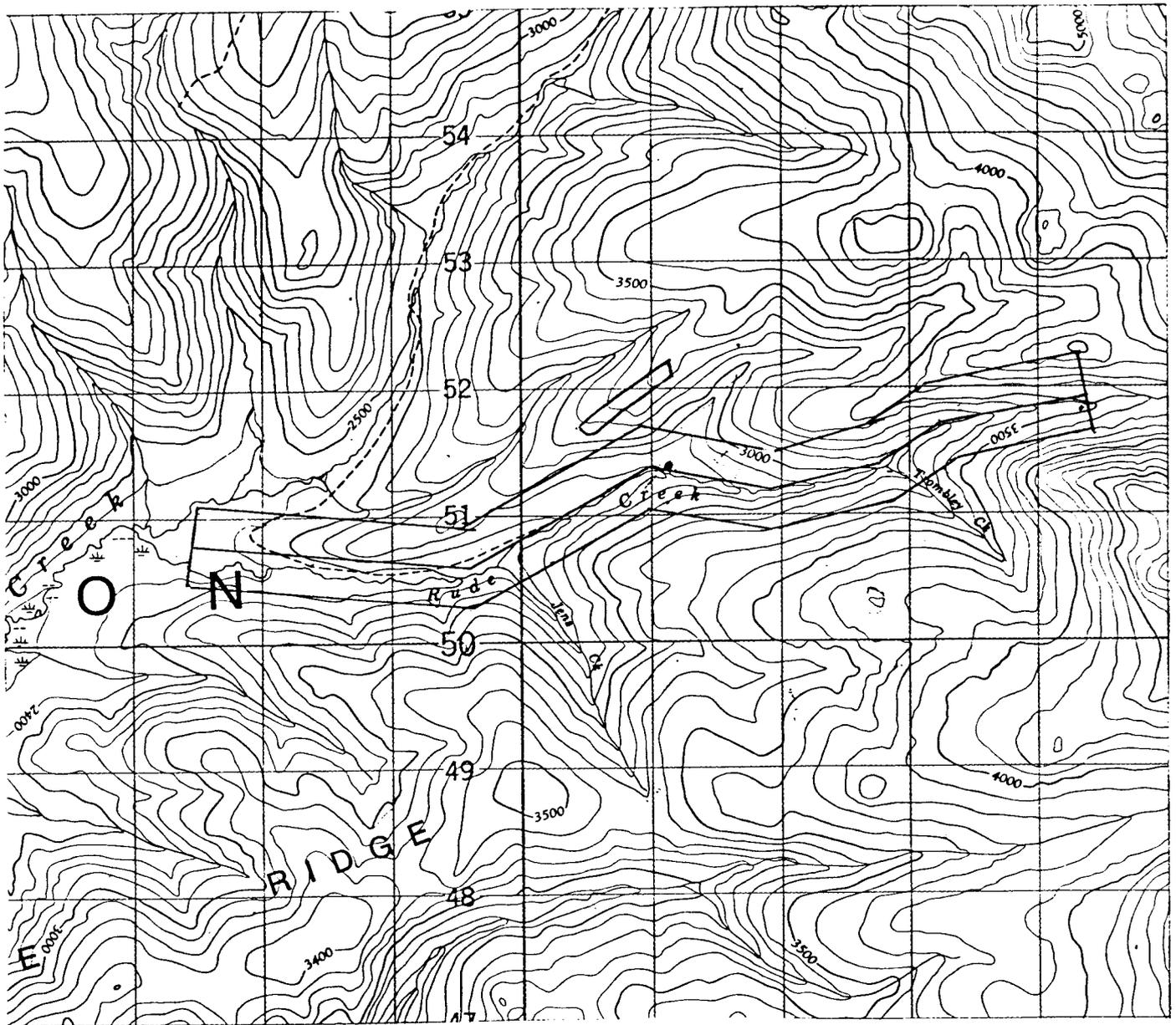


Figure 1. Location Map of Rude Creek and immediate area.
Scale: 1:50,000

STATEMENT OF VALUE AND INVOICE FOR WORK PERFORMED

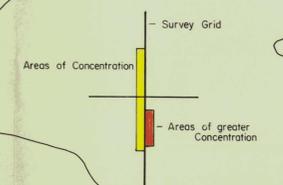
To: Finning Tractor and Equipment Co. Ltd.
143 Industrial Rd.
Whitehorse
Yukon

Date work performed: August 6 to 14, 1985

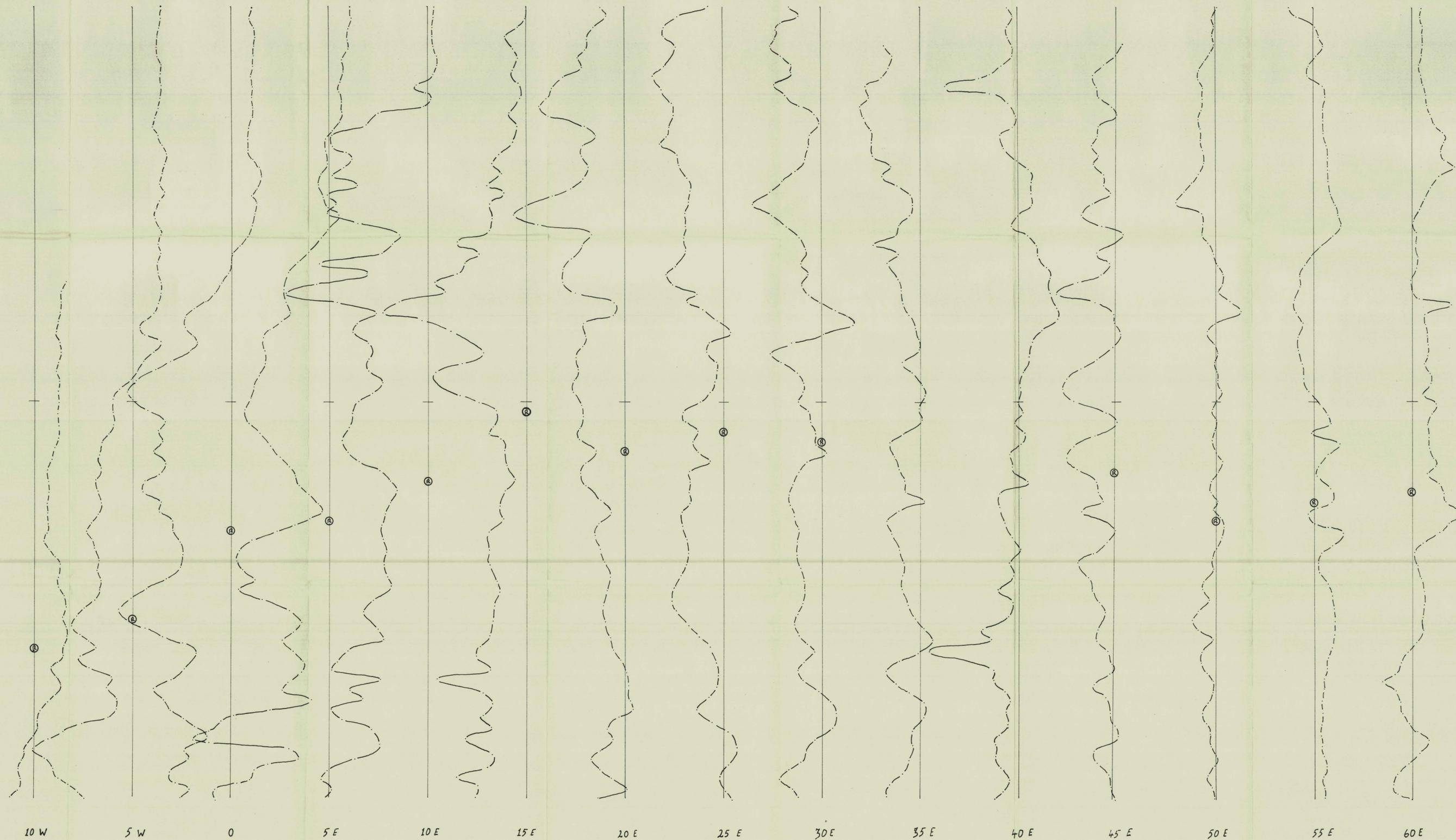
7 Days Magnetometer survey @ 500.00/day	3500.00
3 Days report and maps @ \$400.00/day	1200.00
8 Days food for 2 men	no charge
Total:	<u>4700.00</u>

Total amount now due: \$ 4700.00

John Devlin
Box 5564
Whitehorse, Y.T
Y1A 4Z3



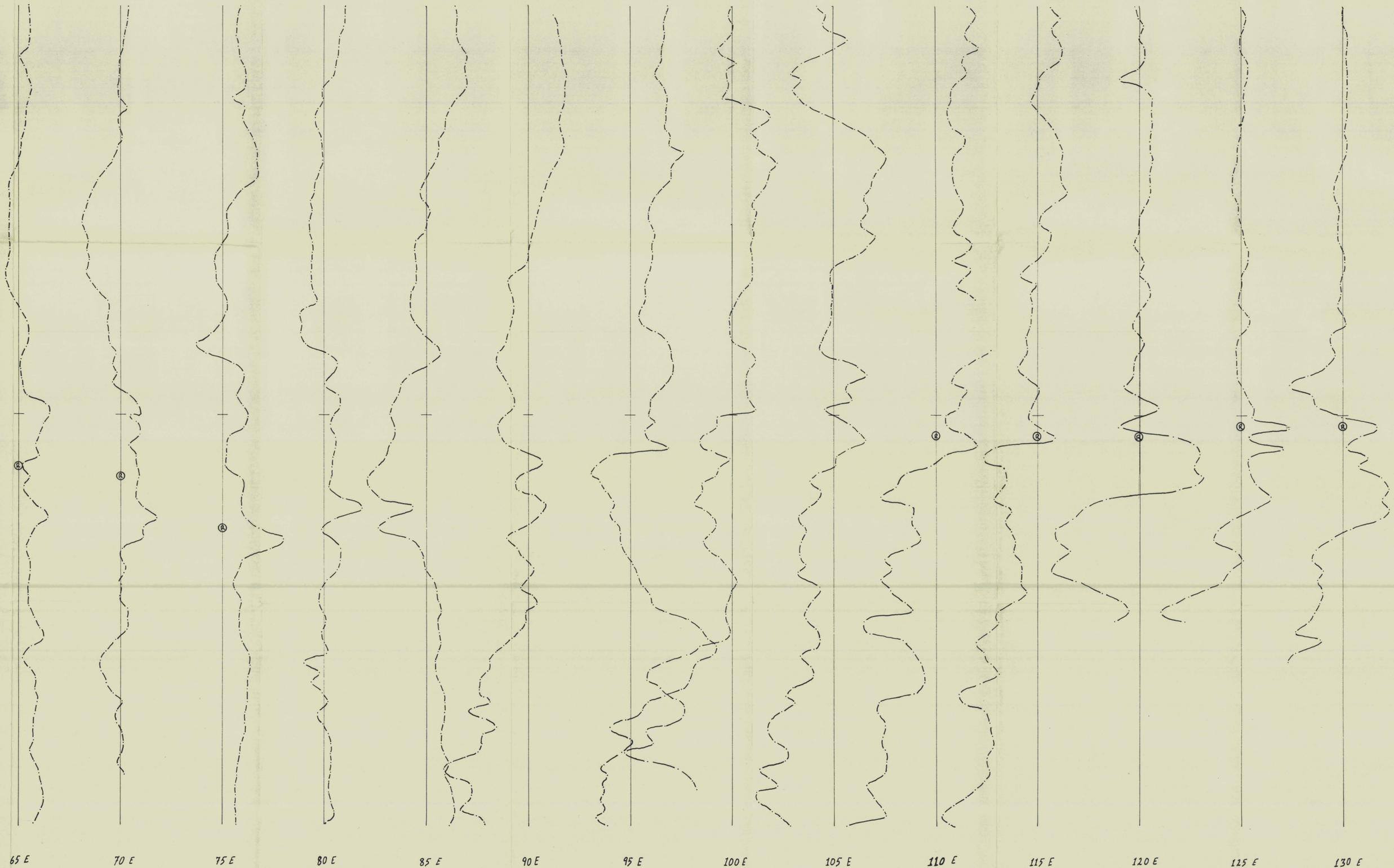
RUDE CREEK	
COMPILATION & LOCATION OF MAGNETOMETER SURVEY	
Drawn - J. Devlin	Scale: 1" = 400'
Date: Aug. 18, 1985	



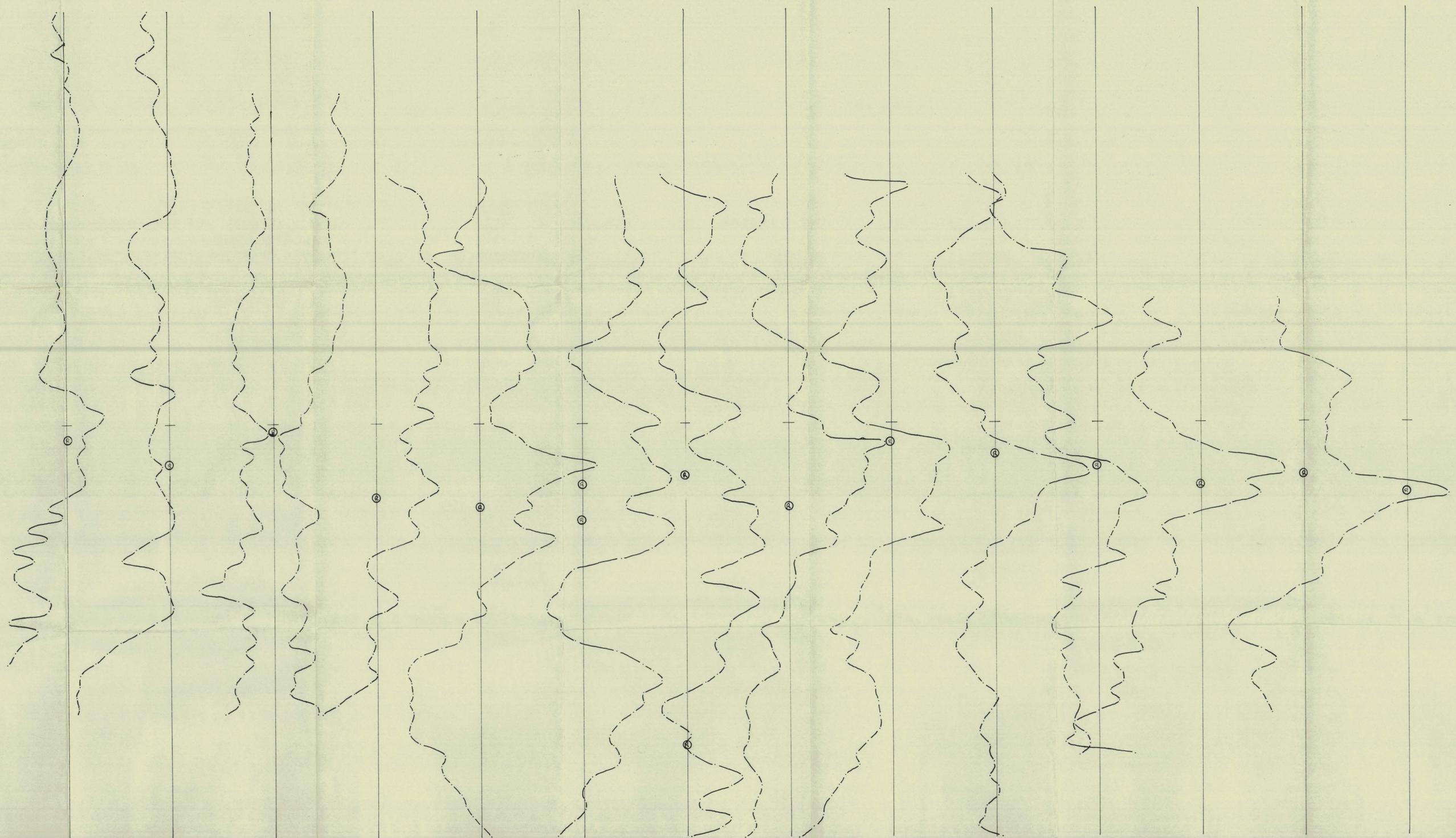
RUDE CREEK
 PLOT OF MAGNETIC PROFILES
 L 10 W - L 60 E

Scale along line: 1" = 100'
 Scale between lines: 1" = 200'
 Vertical scale: 1" = 80 γ
 Datum: 57,600 γ, Increasing to left
 Date: Aug. 18, 1985

120072



RUDE CREEK
 PLOT OF MAGNETIC PROFILES
 L 65 E - L 130 E
 Scale along line: 1" = 100'
 Scale between lines: 1" = 200'
 Vertical scale: 1" = 80 γ
 Datum: 57,600 γ, increasing to left
 Date: Aug. 18, 1985



135 E 140 E 145 E 150 E 155 E 160 E 165 E 170 E 175 E 180 E 185 E 190 E 195 E 200 E

RUDE CREEK
 PLOT OF MAGNETIC PROFILES
 L 135 E - L 200 E

Scale along line: 1" = 100'
 Scale between lines: 1" = 200'
 Vertical scale: 1" = 80 G
 Datum: 57,600 G; Increasing to left
 Date: Aug. 18, 1985