PLACER ASSESSMENT REPORT PROSPECTUS CONFIDENTIAL OPEN FILE MAP NO.: Х 105M10

DOCUMENT NO: 120203 MINING DISTRICT: Mayo TYPE OF WORK: Magnetometer survey

REPORT FILED UNDER: S.T. Pyke

DATE PERFORMED: October 2001

DATE FILED: December 2002

LOCATION: LAT.: 63°44'00" N **AREA:** Cliff Creek **VALUE \$:** 6000.00

LONG.: 134°58'00"W

CLAIM NAME & NO.:

Placer claims (P004890-P004891, P005970, P005966, P005967, P005968)

WORK DONE BY: Bill Harris, Midnight Mines Ltd.

WORK DONE FOR: S.T. Pyke

DATE TO GOOD STANDING :

 REMARKS: A total field magnetometer survey outlined a possible buried channel in the centre of the alluvial fan.

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X X Total Magnetic Field Survey At the Cliff Creek Placer Property Mayo Lake Area Yukon Territory

> Mayo Lake Area N.T.S.: 105 M/10 Location: 63°44'N, 134°58'W Mayo Mining District

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For: S.T. Pyke

By: Bill Harris Midnight Mines Ltd. December 9, 2002

Period of Work: October 2001

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SUMMARY

A total magnetic field survey was conducted on the Cliff Creek Property in the Yukon Territory in October of 2001. The aim of the survey was to locate buried stream channels containing placer deposits on the property. A total of approximately 7.3 line kilometers were surveyed on a prepared grid. The survey was conducted over a large delta alluvial fan, which has formed below a narrow steep canyon. Although no well defined channels were discovered, the survey showed a gradual rise in magnetic values coming to a peak at the southwestern end of the grid. This area of high magnetic relief is located in the approximate centre of the large alluvial fan and may be due to an accumulation of magnetic minerals and placer gold.

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1.0 INTRODUCTION

This report describes a total magnetic field survey conducted on the Cliff Creek Property in the Yukon Territory. The survey was conducted to locate occurrences of placer magnetite or other magnetic minerals which may occur on the property.

2.0 PROPERTY, LOCATION AND ACCESS

The Cliff Creek Property consists of the following claims:

Claim Name	Grant #	Expiry Date	Expiry Date pending approval of filing	Registered Owner
Creek Claim	P004890	07/05/02	07/05/07	Stephan Timothy Pyke
Creek Claim	P004891	07/05/02	07/05/07	Russell Acheson
Creek Claim	P005970	07/05/02	07/05/03	Russell Acheson
Creek Claim 1	P005966	07/05/02	07/05/03	Stephan Timothy Pyke
Creek Claim 2	P005967	07/05/02	07/05/07	Stephan Timothy Pyke
Creek Claim 3	P005968	07/05/02	07/05/03	Stephan Timothy Pyke

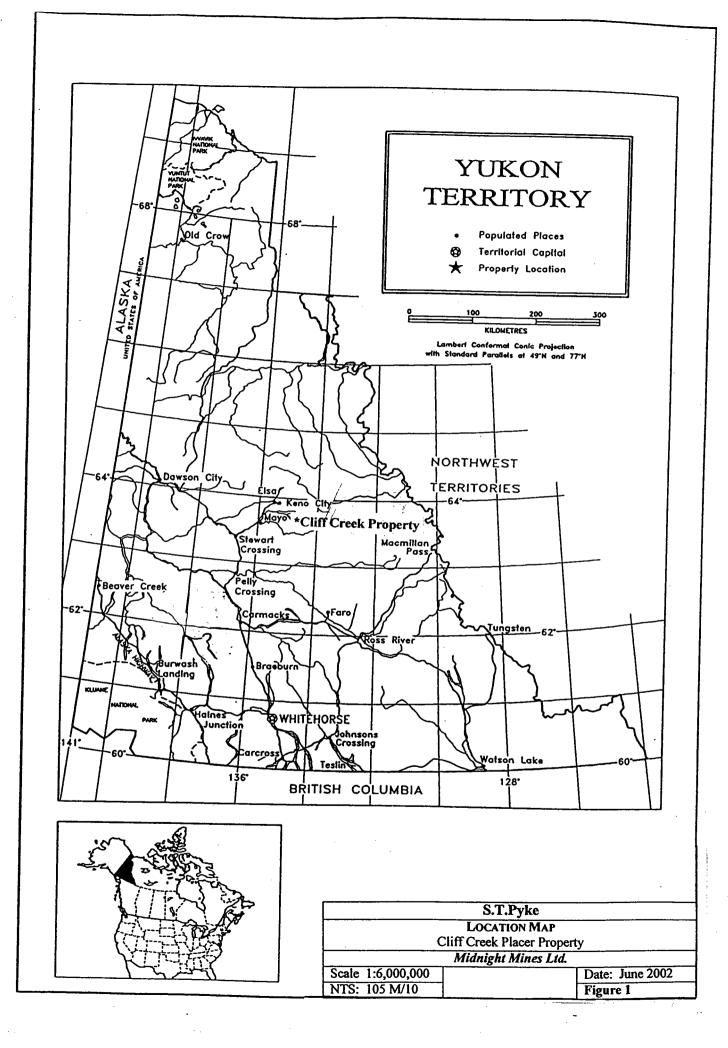
The property is located at 63°44'N, 134°48'W, approximately 50 km northeast of Mayo (Figure 1). Locally the property is situated near and at the confluence of Cliff Creek and it's entry into the east shore of Mayo Lake on Nelson Arm (Figure 2). The grid is situated between the canyon of Cliff Creek and the shore of Mayo Lake (Figure 3). The property is accessible via the Silver Trail Highway and then by the Duncan Creek Road from Mayo to the dam on the Mayo River, and thereafter by boat and barge (or via aircraft) to the mouth of Cliff Creek. During the winter months, equipment and supplies can be transported over an ice road to Cliff Creek.

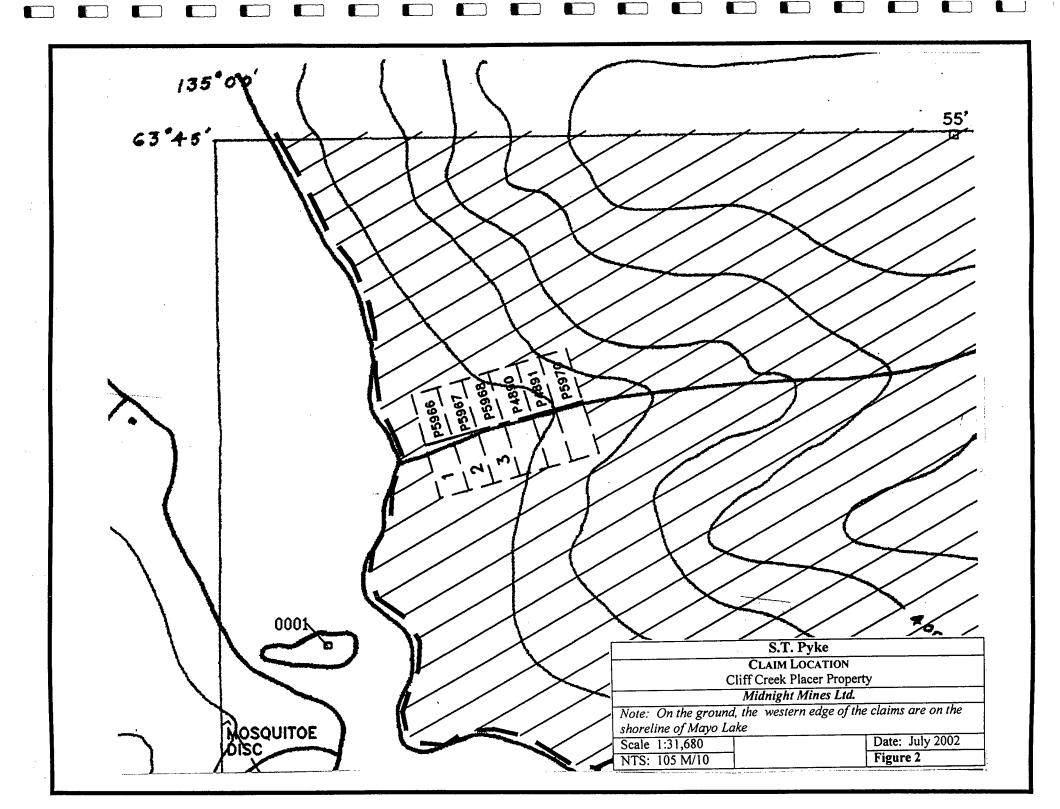
3.0 HISTORY

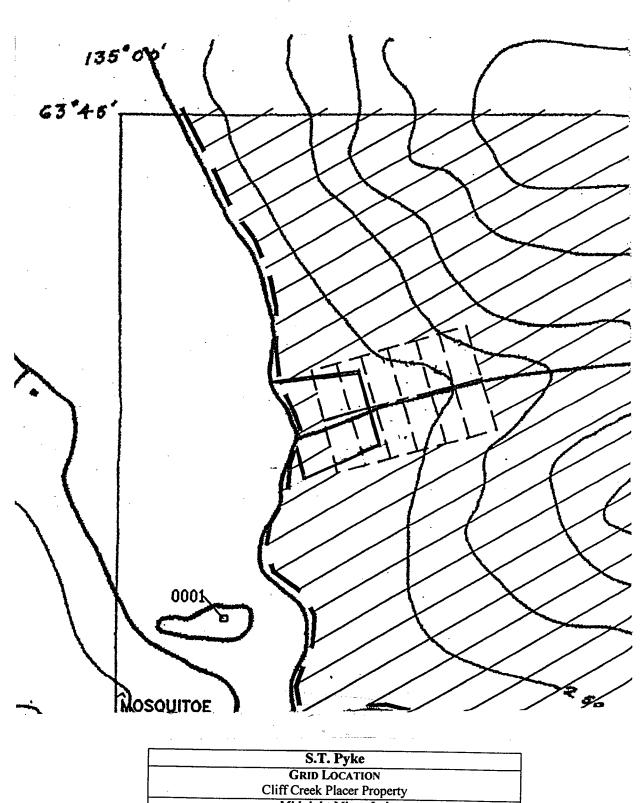
The history of Cliff Creek extends back to the early part of the twentieth century. Alexander MacDonald passed through this area in 1887 and named Mayo Lake in honour of Captain Alfred H. Mayo of the Harper McQuesten Co.. After the discovery of the Klondike, miners flooded into the Stewart Valley and on to Duncan Creek where Discovery was staked in 1901. Onwards the miners proceeded and in 1903 Discovery claims were staked in the Mayo Lake area.

Cliff Creek, being one of the smaller creeks in terms of flow was first staked in the "teens" of the twentieth century and held for several years. It was restaked and worked by E. Burnell as reported in "Gold And Galena" a publication of the Mayo Historical Society. Mr. Burnell was reported working the creek in 1926 but records show he held it for only a few years.

In 1933 Elmer Middlecoff of Highett Creek reported increased activity in the Mayo Lake tributaries, one of which is Cliff Creek, but no specifics were reported.







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	night Mines Ltd.
Note: On the ground, the w shoreline of Mayo Lake	vestern edge of the claims are on the
Scale 1:31,680	Date: July 2002
NTS: 105 M/10	Figure 3

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For the most part, the Mayo Lake tributaries lay fallow during the war years up into the mid nineteen-fifties. Cliff Creek was restaked at this time, and as before, hand mined. The ground was held for two or three years and allowed to lapse until the mid nineteen-seventies when Garry Hossack staked the ground. Mr. Hossack hobby mined the creek during his vacations, but never recorded what he derived.

In 1979 as the last gold rush was in full swing, Russ Acheson staked one above Discovery on Cliff Creek, and hand mined it during that summer. In May of 1980, Mr. Pyke staked four above Discovery, as other speculators had also staked in the interim.

Over the next four years as other's claims lapsed, Mr. Pyke and Mr. Acheson consolidated the claims on the lower part of the creek below and into the canyon. The six claims in existence today were grouped and mechanical prospecting proceeded.

In 1982 a D-6 Caterpillar tractor, a Case track loader and a Case 450 backhoe were brought onto the claims and extensive road building and test holes were dug. A small bulk sample of material was sluiced (approximately 100 cubic yards) on Claim P5968. Recovery with a very crude sluice box was four ounces of gold of a coarse variety.

In 1983 and 1984 stripping and diversion channel building continued and in 1984 a water license was applied for and granted. In 1985 two crews worked in the summer months to sluice a bulk sample of 1000 cubic yards on Claim 4891 from which 11 ounces was recovered, again of the coarse variety. In this operation the gravel was taken from alongside the creek under three feet of frozen muck down to bedrock. This area on the creek is where the evidence of the old time hand operations was. Boulder piles and waste dumps from sluicing were in evidence. The remains of a miner's cabin is at the lower end of the claim and a shaft is still visible today.

The sluicing operations were done with small machinery and much manual labour. It was very easy to monitor where the largest concentration of gold was coming from in the strata of material coming from the face. Most of the gold is located in or just below a layer of boulders two to three feet above bedrock.

As gold prices fell and Mr. Acheson was transferred out of the territory, Mr. Pyke continued to develop the mine and built a small camp on an island just offshore from the claims in Mayo Lake, as a "bearproof" location for work on the claims.

Roads were maintained and stripping was done to make use of the sun to melt the permafrost in the black muck overlying the pay gravels. Prior to the signing of the Umbrella Final Agreement and the Nacho Nyak Dun Land Claim prospecting was performed up above the canyon for several hundred meters. On each occasion colours were found using a gold pan only. In 1988 Ken Hansen, a prospector/gold cleaner who at the time was employed by Queenstake Resources, was hired to accompany Mr. Pyke to Cliff Creek to give him an independent evaluation of the mining potential of the creek. After several days of prospecting and hand mining he reported that the recoverable gold per yard was very profitable but the yardage of the body was not in line with what the large companies of the day were searching for.

Since then no mining has taken place on the creek and maintenance of the claims was all that was done. In the year 2000 Bill Harris was contracted to layout a grid in order to complete a magnetometer survey. This done, in 2001 Mr. Harris along with the geophysical technician Sean Ryan, completed the survey, the results of which accompany this history.

4.0 PERSONNEL AND EQUIPMENT

The magnetic survey was conducted by Sean Ryan (geophysical technician), Bill Harris (supervisor) and Tim Pyke (geophysical assistant) using the following equipment:

Instruments:	1 Scintrex Proton Magnetometer
	1 Scintrex Proton Magnetometer used as a base station
Data Processing:	Laptop Computer and Colour Printer
Other:	GMC ³ / ₄ ton 4 x 4 pickup
	F250 4 x 4 pickup
	F250 4 x 4 crew cab
	18 foot boat and motor
	16 foot boat and motor

5.0 BEDROCK GEOLOGY

LeBarge et al. (2002) describe the local geology in the area of Mayo Lake/Davidson Creek as follows:

The Robert Service Thrust Fault crosses Mayo Lake from northwest to southeast, separating Upper Proterozoic to Lower Cambrian Hyland Group from Mississippian Keno Hill Quartzite and Devono-Mississippian Earn Group (Murphy, 1997). The Roop Lake Stock is Cretaceous hornblende-biotite granite, which subcrops a few kilometres north of the Roop Arm (Muprhy, 1997). Between the Roop and South Arms, the Mayo Lake antiform dominates the Fork Plateau.

6.0 SURFICIAL GEOLOGY

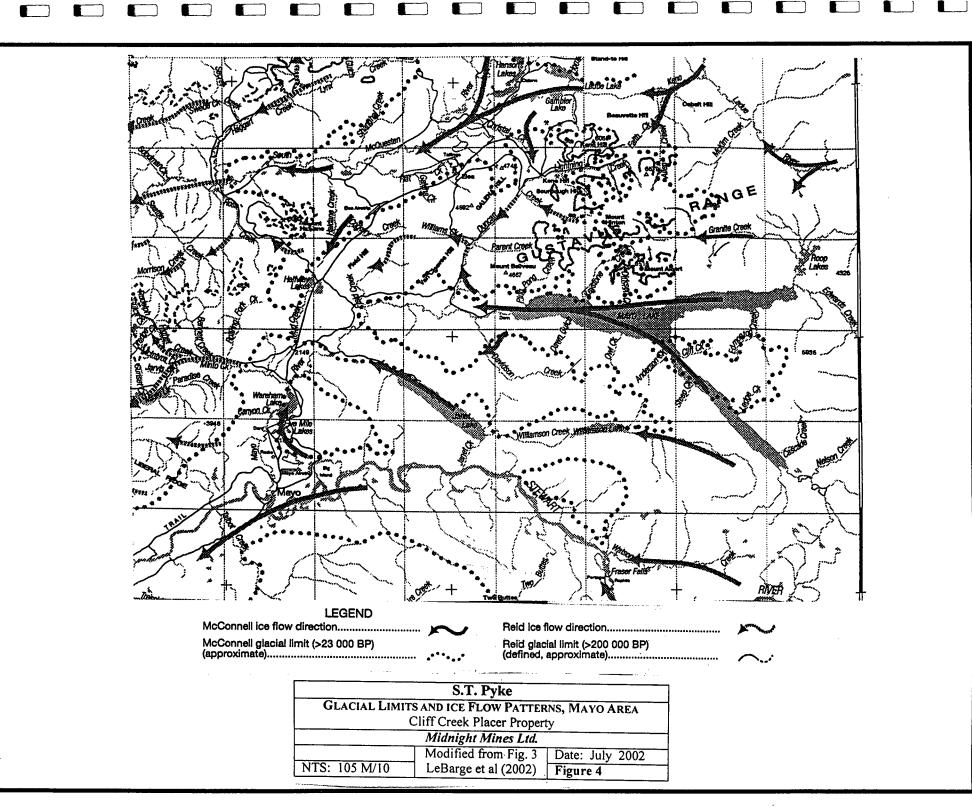
Since 1995, the Yukon Geology Program has been studying the geological setting of placer deposits in the Mayo area. Surficial geology maps at 1:50,000 scale as well as 1:250,000 maps showing glacial limits and flow patterns, as well as placer mining activity in the Mayo area have been published (Bond 1998a, 1998b, 1998c, 1998d, 1998e, 1998f, Bond 1999, Lipovsky et al., 2001). Figure 4, which shows the glacial limits and ice flow patterns, in the Mayo area, has been taken from Figure 3 from LeBarge et al. 2002. Figure 4 shows not only the location of Cliff Creek, relative to the town of Mayo. yet also shows the extent of McConnell glaciation and ice flow direction (west on Mayo Lake). Mayo Lake lies within the Reid ice limit, and its tributary creeks were glaciated nearly to their headwaters during the McConnell Glaciation. Colluviated bedrock and till cover much of the topography surrounding Mayo Lake (LeBarge et al., 2002). The north arm (Roop Arm) was dominated by glacial erosion, and there are few glacial deposits in this area except at 1200m, which marks the limit of the McConnell glaciation. The Nelson Arm (south) shows a blanket of glacial till and meltwater deposits. particularly in the Ledge Creek area. Many of the tributaries of Mayo lake have welldeveloped alluvial fan-deltas which form at the mouths of streams entering the lake.

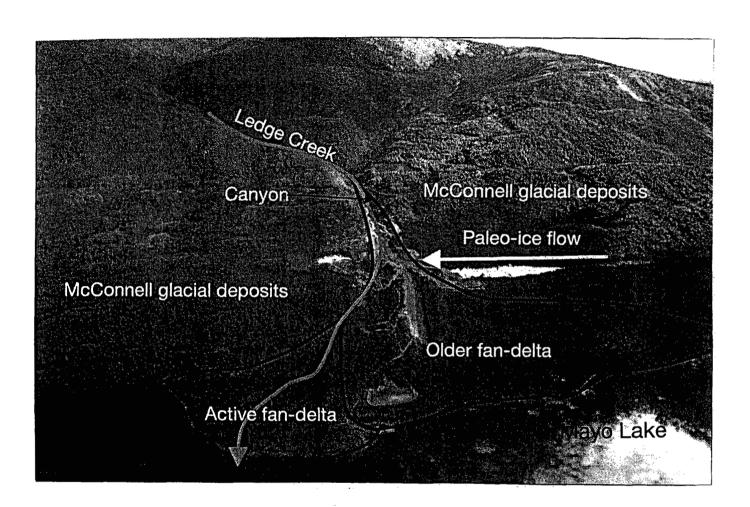
7.0 PLACER GEOMORPHOLOGY

The tributary valleys feeding into Mayo Lake were influenced by glacial erosion. The sides of the main valley formed a U-shaped valley due to erosion by the glacier, yet the tributaries were v-shaped, above the limit of glacial erosion. Although there has been glacial erosion in Mayo Lake, several placer deposits have been found in the tributary valleys. The three main types are:

- 1. Interglacial (pre-McConnell) alluvium found in narrow valleys and canyons above the alluvial fan-deltas
- 2. McConnell age periglacial alluvial fan deposits which formed placers on bedrock and at the apex of the alluvial fan-deltas; and
- 3. Modern alluvium in tributary valley canyons and fan-delta apexes (LeBarge et al, 2002).

Anderson Creek, located across the lake from Cliff Creek contains placer gold deposits at the apex of the fan-delta and on bedrock on the distal fan. Ledge Creek (as seen in Figure 5), located southeast of Cliff Creek hosts placer deposits within interglacial sediments buried and preserved by McConnell glacial drift. LeBarge et al (2002) noted that several other alluvial fan-deltas with similar settings extend into Mayo Lake , and warrant further follow up.





	S.T. Pyke	
INTERGLACIAL AL	LUVIAL FAN SEDIMENTS	AND MCCONNELL
GLAG	CIAL DEPOSITS, LEDGE C	REEK
	Midnight Mines Ltd.	
	Taken from Figure 37	Date: July 2002
	LeBarge et al (2002)	Figure 5

7.0 PLACER DEPOSIT SETTINGS

Based upon stratigraphic relationships and sedimentology, LeBarge et al. (2002) outlined four placer deposit models within the central Yukon: modern, interglacial, glacial or Modern placer deposits occur in floodplains, low alluvial periglacial placer settings. terraces, alluvial fans, fan-deltas and gulches, and historically are the most common type in the Mayo area. In the Mayo Lake area, modern placers are found in gulch deposits in tributary valleys and related alluvial fan deltas, which drain into Mayo Lake. Interglacial placer deposits include alluvial plains, alluvial fans, and terraces and gulch deposits that may be subsequently buried and reworked by glacial drift and periglacial fan seidments. Ledge Creek is an example of an interglacial placer. Glacial placer settings include glacial till and glaciofluvial outwash gravel in major valleys. In periglacial placer settings, alluvial fans may form just outside of the glacial limit due to increased physical weathering and slope erosion. In many cases, these fans buried and reworked paleoplacers, while in others, physical breakdown and slope erosion of bedrock gold sources. Potentially unexplored targets include tributaries of Mayo Lake (such as Cliff and Cascade Creeks) (LeBarge et al., 2002)

8.0 GRID AND SURVEY PROCEDURE

The survey was conducted over the northern half of a large delta alluvial fan coming off steep mountain terrain. The survey was conducted over approximately 7.3 line km of a grid which was approximately 8 line km in size. The grid was started at Base Line 10+000N and station 10+000W, located as far east up the creek into a narrow canyon section that could possibly be mined with heavy equipment. The grid continued straight out to the lake. The creek followed the northern side of the fan delta which fell on the north part of the grid.

The baseline was oriented in a SW-NE direction with flagged gridlines perpendicular to it. The baseline was cut approximately 1.5 metres in width and approximately 750 metres in length and marked with pickets at 25 metre stations beginning at baseline 10+000N and station 10+000W. The grid was flagged at 10 metre intervals and readings were taken every 5 metres, for a total of 1460 readings.

The magnetic survey was run using two Scintrex Proton Magnetometers. One magnetometer was used as a base station, taking readings every 30 seconds. The base station recorded the daily earth magnetic drift. At the end of each day, the base station and field magnetometer were plugged in together and the daily magnetic drift was automatically corrected. All data from the base magnetometer and the field magnetometer were downloaded every night into a laptop computer. All data was then transferred to disk for back up copies.

9. DATA PRESENTATION AND FORMAT

Digital data is appended to this report as ASCII Geopak XYZ files in the following format:

Line Station X Y Corr-Mag.

Also appended to this report are contoured maps of the total magnetic field and vertical gradient data showing the survey grid (Figures 6, 7 and 8 in pocket). Figure 6 is a hand drawn and hand contoured map drawn by Shawn Ryan, the geophysical technician who performed the survey. Figures 7 and 8 were produced by computer at Aurora Geosciences, using their Geosoft Mapping Program.

10. SURVEY RESULTS

The magnetic field response over the survey grid shows a total range of about 150 nT. The survey showed a gradual increase in magnetic intensity downslope towards the shore of Mayo Lake with a 980 nT open ended anomaly peak at the southwestern end of the grid. This anomaly is located approximately in the centre of the alluvial fan delta.

The survey was conducted to determine which part of the alluvial fan had the most probability of placer gold. Placer gold deposits are often associated with magnetite (black sand), which will show a response when a magnetic survey is conducted.

11. CONCLUSIONS and RECOMMENDATIONS

The work program of flagline and baseline grid construction and magnetometer and gradiometer surveying was successful in the discovery of two anomalous areas at the Cliff Creek property. One, which is more noticeable on the map of the gradiometer survey, is an intermittent anomaly which proceeds through the northern portion of the grid, loosely following the right limit of Cliff Creek. This anomaly begins on Line 10+000 W at 10+050 N, swings up to 10+150 N on line 10+200 W, and appears again at 10+225N on Line 10+300W. What is believed to be a continuation of this anomaly appears at 10+350N on Lines 10+550W, 10+600W, 10+650W and could be building on Line 10+700W. This intermittent anomaly could be related to magnetic mineral concentrations in the gravels near or under the right limit of the present course of Cliff Creek, but is more likely related to bedrock highs in the same area.

The most interesting anomaly discovered during the survey is located on the southwestern portion of the grid near the shore of Mayo Lake. The magnetometer survey shows a gradual increase in magnetic intensity downslope towards the shore of Mayo Lake with a 980nT open ended anomaly peak at Line 10+700W at 9+700N. This anomaly is located approximately in the centre of the alluvial fan delta and could be related to an old placer channel containing magnetic minerals which has been infilled and covered by more recent alluvium.

Follow-up work on the property should consist of an extension of the flagline grid to the south by several hundred metres and to the west until the lakeshore is encountered. The existing lines could also be infilled at 25 metre spacings between Line 10+450W and 10+700 W in the southern portion of the grid to give better anomaly definition in this area. This new portion of the grid should be covered with magnetometer surveys to ascertain the existence of the magnetic anomaly and locate the dimensions of it. Either seismic or ground penetrating radar (GPR) surveys should be performed to determine depth to bedrock and possible deep channels within the alluvial fan. An auger drill program to test magnetometer anomalies and any coincident seismic or GPR anomalies would be useful in delineating targets for future excavator trenching and grade/yardage calculations. A base map of the property should be prepared utilizing GPS surveys to show locations of old workings, shafts, pits, anomalies and the baseline and grid. During the survey the location of bedrock outcrops and geomorphological points of reference could also be mapped.

References Cited

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Lipovsky, P., Bond, J. and LeBarge, W., 2001. Mayo area placer activity map, portions of NTS sheets 105M, 106D, 115P and 116A, Yukon (1:250,000 scale). Exploration and Geological Services Division, Yukon Region, Indian and Northern Affairs Canada, Open File 2001-35.

Murphy, D.C., 1997. Geology of the McQuesten River Region, northern McQuesten and Mayo map areas, Yukon Territory (115P/14, 15, 16; 105M/13/14). Exploration and Geological Services Division, Yukon Region, Indian and Northern Affairs Canada, Bulletin 6, 122 p.

Smith, G., 1998. Total magnetic field survey at the Australia Creek Property, Yukon Territory, for 15174 Yukon Inc.

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Appendix A. Certificate

I, BILL GLEN HARRIS, of the City of Whitehorse, in the Yukon Territory, HEREBY CERTIFY:

- 1. That I am a prospector and that I am familiar with the property area.
- 2. That I have been engaged in mineral exploration and development on a full time basis for 20 years in the Yukon and British Columbia.
- 3. That I am the president of Midnight Mines Ltd., yet I have no interest, direct or indirect in the properties of S.T. Pyke nor do I expect to receive such interest.

SIGNED at Whitehorse, Yukon this 9th day of December, 2002.

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Bill G. Harris

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Appendix B. Statement of Expenditures

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Amount	Item	Rate	No. of Days	Total M AD
3	4 x 4 trucks	\$65/day	4	\$780.00
2	Boats	\$100/day	4	\$800.00
2	Chainsaws	\$35/day	4	\$280.00
1	Genset	\$35/day	4	\$140.00
1	Telephone	\$3/day	4 120° at	\$12.00
1	Project manager	\$300/day	4	
1	Geophysical technician	\$350/day	4	\$1,400.00
1	Geophysical assistant	\$150/day	4	\$600.00
1	Gradiometer/magnetometer	\$50/day	4	\$200.00
1	Base station magnetometer	\$50/day	4	\$200.00
1	Laptop computer/printer	\$250/week	1	\$250.00
1	Camp rental	\$500/week	1	\$500.00
3	Food/living expenses	\$35/day	4	\$420.00
1	Report preparation			\$1,500.00
·····		1	Total	\$8,282.00

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Costs associated with this report have been approved in the amount of \$ 6000.00 for assessment credit under Certificate of Work No, 12009475 9 Amoo 317

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