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PROSPECTUS

May 8, 1987.

REPORT ON PLACER GOLD POTENTIAL OF THE
TWELVEMILE CREEK PLACER LEASE

NO. PL-7334

SIXTY MILE RIVER DISTRICT

YUKON TERRITORY

LATITUDE 64°04' N LONGITUDE 140°34' W

NTS 116/C2

Prepared for: ENGLEFIELD RESOURCES LTD.

by

gwr can Dec 19/90

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February 6, 1987

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INTRODUCTION

ENGLEFIELD RESOURCES LTD. recently acquired by agreement the mineral rights to a Placer Lease on Twelvemile Creek, in the Sixty Mile River drainage in Yukon Territory. The writer was asked by Englefield Resources Ltd. to review available information on the creek and surrounding area and to prepare a report on the placer gold potential of the Lease and make recommendations for evaluating that potential.

The Twelvemile Creek Placer Lease is situated in an area of numerous placer gold producing creeks that have been mined for much of the past one hundred years, using hand mining techniques, bucket line dredges and more recently "cat" mining methods. Twelvemile Creek has not been mined by modern "cat" mining methods other than a small test cut done about five years ago which yielded some 150 ounces of gold, thereby indicating the possibility of finding an economically viable placer gold deposit within the drainage.

Based on this information, a modest testing programme of \$30,000 is proposed to confirm the existence of economic or near economic grade placer gold gravels. If this testing is successful, additional exploration totalling \$120,000 is recommended to be done throughout the length of the creek, followed, if this second phase is successful, by another \$250,000 of detailed exploration to prove several years mining reserves. A thorough review should be done after each phase of exploration in order to outline the detail of the next phase of exploration.

LOCATION AND ACCESS

The property is located along the bottom five miles of Twelvemile Creek, a south flowing tributary on the north side of Sixty Mile River. From Dawson City, it is accessible by Top of the World Highway and seven miles of dirt road, leading to the lower part of the Lease near the confluence with Sixty Mile River. Dawson City has daily air service and highway freight service from Whitehorse.

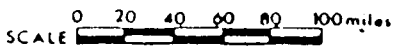
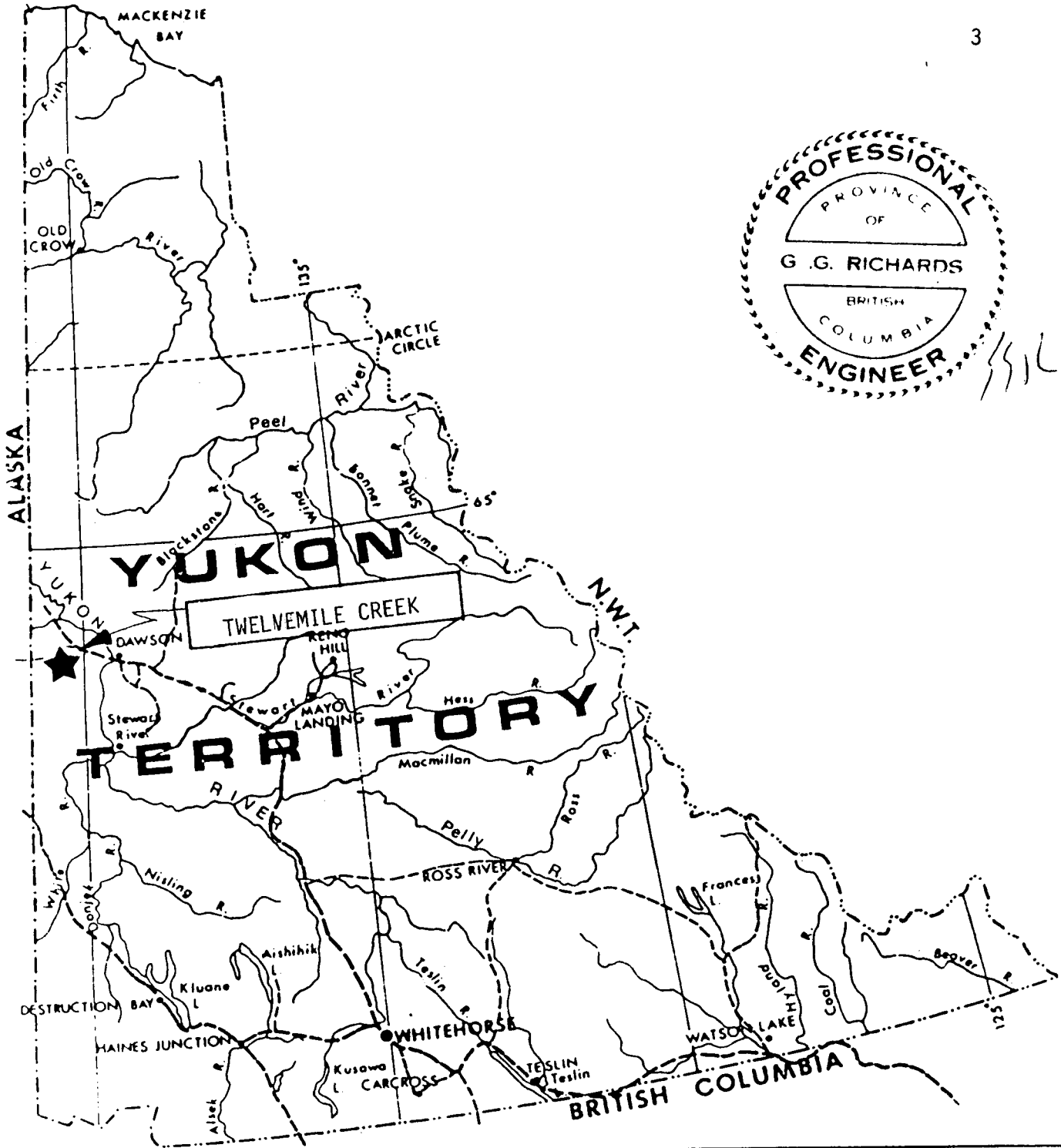
TOPOGRAPHY

The topography of the region is characterized by moderate to steeply sloping hills ranging in elevation from 2000-4000 feet above sea level. This part of the Yukon is unglaciated and characterized by broad flat-floored valleys with the current drainage weakly incised. Disected gravel bench formations are relicts of ancient river channels at higher elevations. These are common in the Sixty Mile area and are present on at least the lower two miles of the property.

The property is in an area of perma-frost which thaws naturally to depths of 2-3 feet in the summer, and freezes again in the winter. Much of the terrain on the lower slopes and valley floor is covered by a thick insulating blanket of moss, and supports an open spruce forest. Upper slopes are largely grass and brush covered.

PROPERTY

The property consists of a single 5-mile Placer Lease, No. PL-7334, recorded in the name of John E. Brown of Dawson City, Yukon.



ENGLEFIELD RESOURCES LTD.

LOCATION OF TWELVEMILE CREEK PROPERTY

YUKON KEY MAP

DATE:

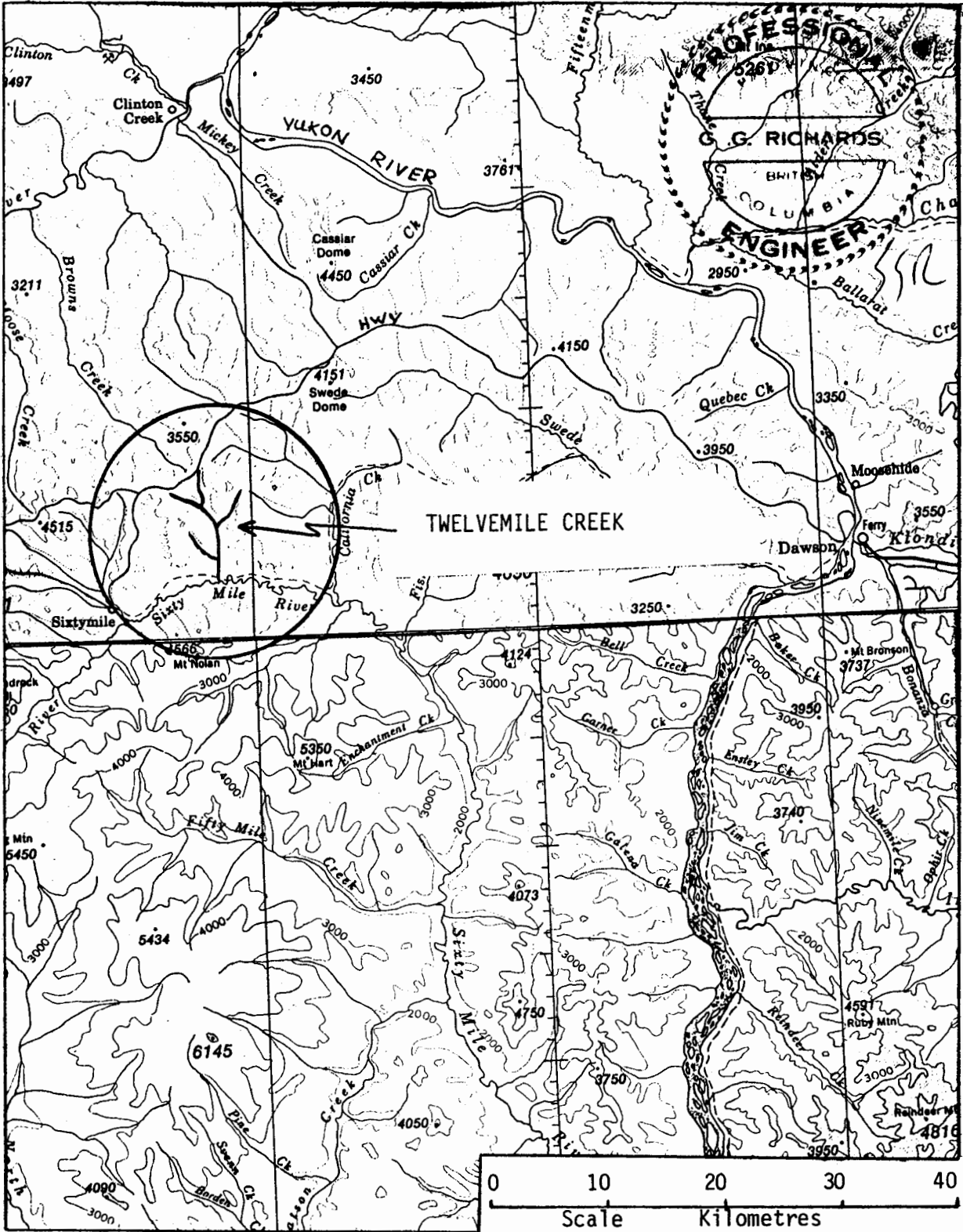
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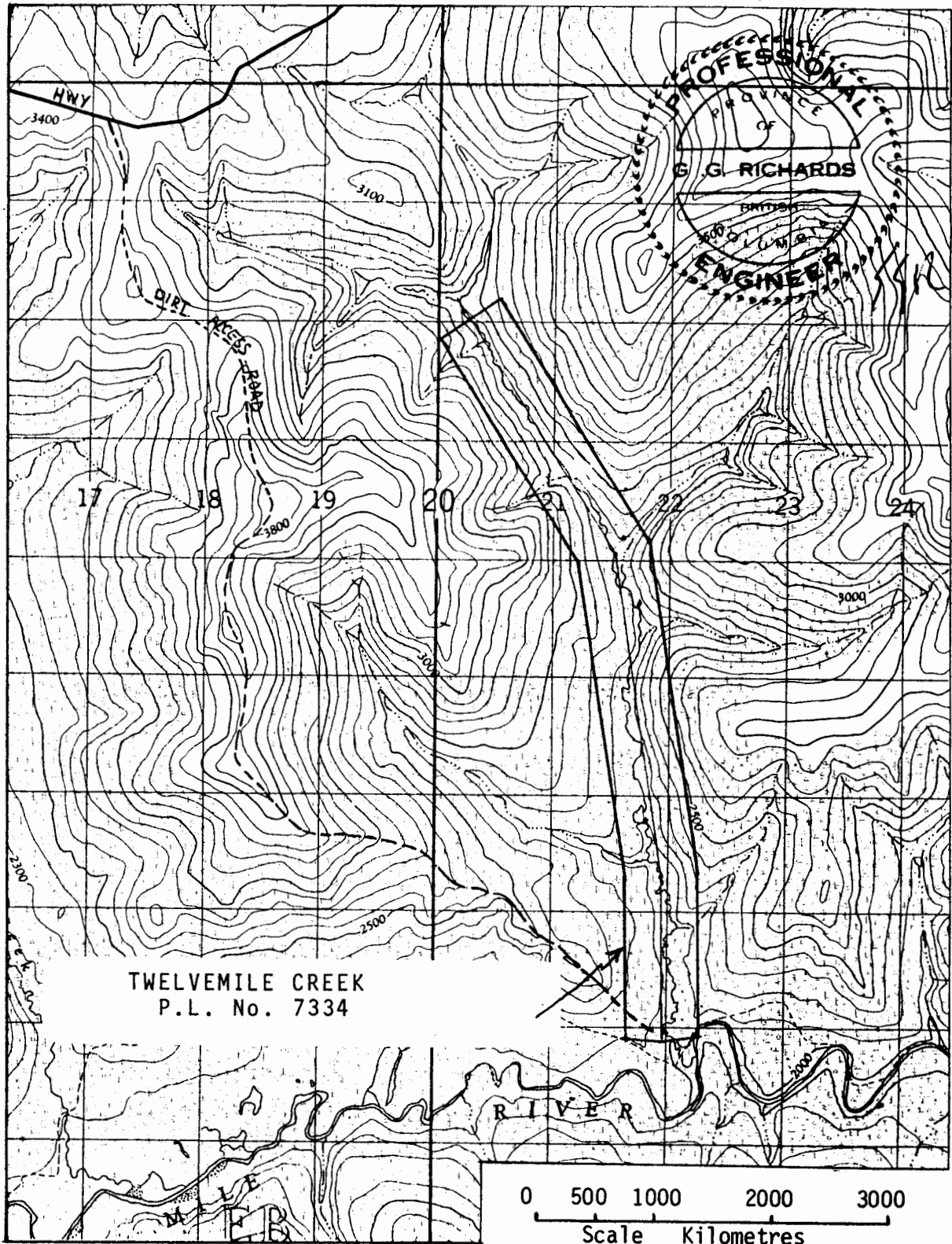
APPENDIX

FIGURE 1

From: YUKON TERRITORIAL
GOVERNMENT ROAD MAP



ENGLEFIELD RESOURCES LTD.
PROPERTY LOCATION MAP
TWELVEMILE CREEK, YUKON TER.
FIGURE 1A



TWELVEMILE CREEK
P.L. No. 7334

0 500 1000 2000 3000
Scale Kilometres

ENGLEFIELD RESOURCES LTD.
PROPERTY MAP - TWELVEMILE CREEK
SIXTY MILE RIVER AREA, YUKON TERRITORY
FIGURE 2.

Assessment work to the value of at least \$5,000 is due before the anniversary date, April 10, 1987.

PLACER POTENTIAL

"Discovered before the Klondike, the Sixty Mile River area was also not glaciated. The valley of the Sixty Mile River is wide and the river gravels and gravels on nearby benches have been worked extensively near the confluences of Miller and Glacier Creeks. The valley and bench gravels of tributary creeks Big Gold, Little Gold, Glacier, Miller, and Bedrock have also produced gold. The tributary creeks have reasonably steep gradients, and are contained in relatively narrow V-shaped valleys. As with the Klondike and South Klondike area, there are few large boulders in the gravel. The gravel is covered by black muck, except in the Sixty Mile River valley. The tributary valleys are more narrow than in the Klondike and South Klondike areas due to their relatively immature nature, and the deposits are smaller. They are, however, still large deposits by placer standards" (R.L. Debicki, 1986).

Twelvemile Creek is adjacent to the placer creeks mentioned above and had a baseline survey done in 1914 by Kitto (R.L. Debicki, 1983) indicating it was probably worked to some degree in that time period. Evidence of that work exists in the form of old cabins at the mouth of Twelvemile Creek (John Brown, personal communication).

Sixty Mile River is staked solidly from the Miller Creek-Big Gold Creek drainages downstream well past the mouth of Twelvemile Creek. California Creek is the next creek down the Sixty Mile River entering from the same side as Twelvemile Creek and it too is staked solidly. Gold production from creeks in the Sixty Mile River drainage during the period 1978 to 1984 can be summarized from Debicki (1986) as follows:

<u>Creek</u>	<u>Raw ounces</u>
Miller Creek	20,061
Sixty Mile River	27,622
Glacier Creek	2,467
Little Gold Creek	3,694
Big Gold Creek	1,653
Matson Creek	7,221
Ten Mile Creek	<u>12,916</u>
Total	75,634

Total gold production from all of the above creeks is many times the numbers listed above, considering the area has been extensively mined since the 1890s.

Mr. John Brown, a well known miner in the Klondike area, who presently mines on lower Dominion Creek, learned of the potential of Twelve-mile Creek from Mr. G. Horae of Dawson City. According to Mr. Brown, Mr. Horae told him that about five years ago, Mr. Horae built a road from the Top of the World Highway to the mouth of Twelve Mile Creek where he established a small camp for carrying out a testing program. He mined a small test cut on a right limit bench near the mouth of Twelve Mile Creek producing about 150 ounces of gold. Deposits on the bench, which was about 50 feet above the creek and about 150 feet wide, were comprised of a thin layer of muck overlying five or six feet of gravel. Other smaller tests further up the creek also yielded some gold. Although this initial testing yielded encouraging results, personality conflicts among the several partners prevented them from continuing with the project. Mr. Brown was shown pictures of the operation and the gold produced.

In early spring of 1986, Mr. Brown staked a five mile Lease on Twelvemile Creek. He recognized the bench on the right limit of the Creek that extended at least one and one-half miles up the creek, a possible left limit bench somewhat obscured by ice and snow in the valley, a few of the test pits of which he had been told by Mr. Horae and the test pit on the right limit bench near the mouth of the creek. He also observed the access road into the creek and several old cabins near the mouth of the creek that probably date back to the hand mining era near the turn of the century.

The bench along the lower reaches of Twelvemile Creek is a common feature of all the creeks in this section of the Sixty Mile River drainage (S.R. Morison, D.I.N.D. Whitehorse, personal communication). In fact, Mr. S.R. Morison has found that "the highest concentrations of placer gold appear to be in the tributary terrace levels of Miller and Glacier Creeks." He believes the same pattern of gold distribution and occurrence of benches will be found in adjoining creeks. The bench on lower Twelvemile Creek previously tested by Mr. Horae is probably just such an example and should be the prime target for further testing. The creek level is the other obvious target and both warrant testing along their length.

CONCLUSIONS

Twelvemile Creek is in an area of several placer gold creeks that have a long history of producing considerable gold. Recent testing five years ago is reported to have yielded about 150 ounces of gold from a small mining cut on a bench near the creek mouth. These encouraging results should be confirmed and if proven to be true, then a more thorough exploration program of the entire drainage should be undertaken in three phases as follows:

Phase I: \$30,000 - March and June of 1987

Phase II: \$120,000 - July and August of 1987

Phase III: \$250,000 - August to October 1987.

RECOMMENDATIONS

Three phases of exploration are recommended on the Placer Lease #PL-7334. Phase II and Phase III would be undertaken only if the preceding phase was considered to be encouraging enough to warrant further work after an engineering review. Details of the recommended program are as follows:

Phase I: \$30,000. This program provides for the stripping to gravel in an area of 150' x 300' adjacent to the existing small mining cut on the right limit bench. This work would be done by dozer prior to April 10, 1987 and would thereby meet the assessment work requirement on the property.

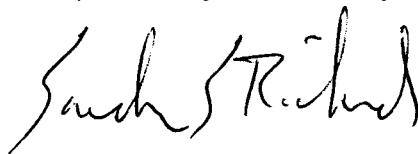
In June test sluicing of the stripped area would be carried out using a dozer, small hoe or loader and a simple single run sluice box and small pump. Reconnaissance mapping of at least the

lower three miles of the creek should be carried out at this time to determine width of creek between base of slope, width and length of any benches, occurrence and distribution of old cabins and shafts and any other pertinent data. Recommendations could then be made as to a Phase II if warranted.

Phase II: \$120,000. This program would provide for trenching, test pitting and test sluicing at 20 - 40 sites and should provide high enough sample density to roughly define areas of bench or creek gravel with potential economic gold grades. It should permit selection of areas for more detailed sampling in Phase III.

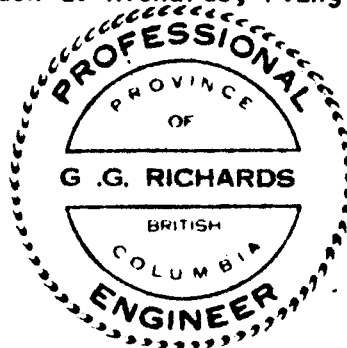
Phase III: \$250,000. This final phase of the program should be aimed at blocking out two to three years of mining reserves. Drains would be established as required and cross-trenches cut and test sluiced at about 300 foot intervals. This sampling program would allow for a production decision to be made with a high degree of confidence.

Respectfully submitted,



Gordon G. Richards, P.Eng.

RICHMOND, B.C., February 6, 1987.



BUDGET

Phase I: \$30,000

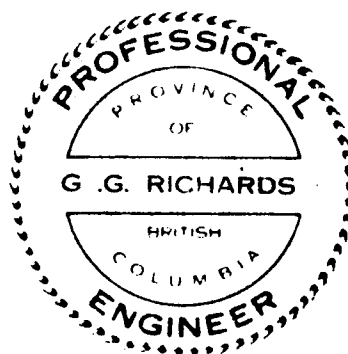
Mob-demob dozer and equipment	6,000
Open road and haul in equipment	2,000
Strip area to be tested	5,000
Sluice cut 300' x 150' x 5'--7 days at \$2,000/day	14,000
Map creek	1,500
Report	<u>1,500</u>
Total	\$ 30,000

Phase II: \$120,000

Mob-demob backhoe	3,000
Dozer 25 days x 10 hrs x \$150/hr including operator and fuel	37,500
Backhoe 25 days x 10 hrs x \$150/hr including operator and fuel	37,500
Foreman 35 days x \$250/day	8,750
Helper 35 days x 150/day	5,250
Supplies, food	5,000
Sluice box, truck, pump, trailers, tanks, rentals	15,000
Report	2,000
Contingency	<u>6,000</u>
Total	\$ 120,000

Phase III: \$250,000

Dozer 60 days x 10 hrs x \$150/hr including operator and fuel	90,000
Backhoe 60 days x 10 hrs x \$150/hr including operator and fuel	90,000
Foreman 70 days x \$250/day	17,500
Helper 70 days x \$150/day	10,500
Supplies, food	10,000
Sluice box, truck, pump, trailers, tank rental	20,000
Report	2,000
Contingency	<u>10,000</u>
Total	\$ <u>250,000</u>

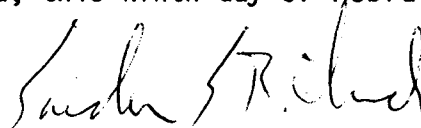


STATEMENT OF QUALIFICATIONS

I, Gordon G. Richards, of Richmond, in the Province of British Columbia, DO HEREBY CERTIFY THAT:

1. I am a Consulting Geological Engineer with offices at 5700 Forsythe Crescent, Richmond, British Columbia, V7C 2C3; Telephone 270-6862.
2. I am a graduate of The University of British Columbia with degrees of B.A.Sc. 1968 and M.A.Sc. 1974.
3. I am a member in good standing of the Association of Professional Engineers of the Province of British Columbia.
4. Although I have not visited the Twelvemile Creek property, I have for the past three years been directly involved in a placer gold mine in the Yukon Territory and understand the type of deposit sought. I visited Miller Creek in the Sixty Mile area in 1986, and inspected the mining operation in progress there.
5. I have no interests in Englefield Resources Ltd. or in the property reported on herein, nor do I expect to receive any.
6. I hereby consent to the use of this report by Englefield Resources Ltd. in a prospectus or any other document that may be required by any regulatory authority.

Dated at Vancouver, British Columbia, this ninth day of February, 1987.



Gordon G. Richards, P.Eng.

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- Debicki, R.L. (1986). Placer Mining Industry 1983-1984. Indian and Northern Affairs, Canada.
- Debicki, R.L. (1983). Placer Mining Industry 1978-1982. Indian and Northern Affairs, Canada.
- Morrison, S.R. Placer Gravels of Miller Creek, Sixty Mile Area. In print.