

PROSPECTUS

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S T A N D A R D G O L D M I N E S L T D.

REPORT ON THE
SHARON 1 TO 33 AND SHARON 35 TO 39 CLAIMS.
DAWSON MINING DISTRICT
YUKON TERRITORY
NTS 115 O/14 AND 116 B/3

BY

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FEBRUARY 1986

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SUMMARY

In late 1984, **STANDARD GOLD MINES LTD.** optioned 38 mineral claims in the Klondike Mining District of northwestern Yukon Territory, approximately 8.5 km southeast of Dawson City. The claims were staked adjacent to some of the most productive placer gravel deposits in the Klondike.

The geology of the claims indicates that the area is underlain by Klondike Schist which is considered to be genetically related to the source of gold. The origin of the gold has long been debated because few sizeable, rich, primary gold-bearing deposits have ever been found in the district. Since the turn of the century it has been assumed that the gold came from quartz deposits near the head waters of the main drainages but a recent re-interpretation of the district indicates four possible sources: 1) a relatively high-grade, undiscovered, and probably stratiform, sulfide-rich (pyritiferous schist) deposit; 2) low-grade, secondary, and younger, narrow quartz veins which are abundant in the Klondike Schist; 3) chemical precipitation within the active stream channels; and 4) hydrothermal veining of possible Tertiary age along the leading edge of thrust plates.

In view of the conceptual interpretation of the origin of gold in the Klondike these claims are strategically located and warrant additional systematic exploration. Additional work including detail aerial photogrametric interpretation of a linear features, geologic mapping and prospecting, geophysical and geochemical surveys, trenching, and diamond drilling is recommended.

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1.0 INTRODUCTION

In 1983, an independent aerial photogrametric project was carried out by Mr. William Dawson to trace geologic units and to identify source areas for gold mineralization in the Klondike placer gold camp. This survey identified the existence of a geologic, probably stratiform, unit believed to be the principal source for placer gold in Bonanza Creek and the Klondike River. The suspected source was staked for lode mineralization in the late winter and early summer of 1984.

In October, 1984, a dialogue was established between the staking syndicate and **STANDARD GOLD MINES LTD.** in which the latter company agreed to purchase 38 Mineral claims, **SHARON 1 to 33 and SHARON 35 to 39**, located on the south side of the Klondike River east of the confluence of Bonanza Creek. Prior to the optioning of the claims, the writer was retained by the staking syndicate to examine the Klondike Mine Camp, appraise the area's potential, and, if warranted, make recommendations for further exploration.

This report discusses the results of the property examination made in late October, 1983, reviews available literature on the Klondike Mining District, discusses the economic potential of the Sharon Claims, and outlines a two-staged exploration and development program on the Sharon Claims.

1.1 LOCATION AND ACCESS

Dawson City is, and has been since early gold rush days of 1897 and 1898, the principal population and supply centre of northwestern Yukon (Figure 1). Until 1953 it was the territorial capital. It can be reached via the two-lane, mostly gravelled, Klondike Highway from Whitehorse on the Alaska Highway, a distance of 535 km (333 miles). Dawson City is served by scheduled flights of Trans Northern Airways from Whitehorse where connections to Vancouver or Edmonton are available.

The **SHARON 1 to 33 and SHARON 35 to 39 CLAIMS.** are located 8.5 km (6 miles) southeast of Dawson City in the famous Klondike Mining District. The claims are located along the south side of the Klondike River, and Quigley Gulch divides the property into east and west blocks (Figure 2). Relief is on the order of 490 metres (1600 feet) with elevations ranging from 850 metres (2800 feet) near the head waters of Quigley Gulch to 365 metres (1200 feet). Terrestrial coordinates for the centre of the claim block are as follows:

64^o 01' North Latitude
139^o 10' West Longitude

Excellent access to the property is provided by a well-maintained, all-weather, graded gravel road (the Klondike Highway) which passes

east-west through the northern portion of the claims.

1.2 PHYSIOGRAPHY AND CLIMATE

The Klondike region forms a part of the Yukon Plateau or upland surface which, locally, occupies an area between the Pacific and Alaskan Mountain Ranges to the west and northwest, the Ogilvie Mountains to the northeast and east, and the Dawson Range to the southwest and south.

The region has been described as a typical example of a thoroughly dissected upland which was elevated at one period in its history into a high plateau. This plateau was subsequently deeply eroded by a multitude of small streams, tributary to the main water courses. A secondary uplift resulted in further deepening of the valleys of from 150 metres (500 ft.) to 200 metres (700 ft.). Portions of the old valley-bottoms, still covered with thick accumulations of gravel forming terraces of varying width, border the newer valleys (McConnell, 1905; also, G.S.C. Mem. 284, 1957). Today, the valleys are flat and wide in their lower reaches, but gradually narrowing toward their head waters into steep sided gulches ending in broad, amphitheater-shaped bowls.

Locally within the Klondike region, the drainage is dominated by the northerly flowing Yukon River and its westerly flowing tributaries, the Klondike River on the north and the Indian River on the south. The intervening Klondike area to the east of the Yukon River is a gently rolling, mature, and deeply dissected upland with tributaries to the Klondike and Indian Rivers radiating from a more or less centrally located topographic and drainage high point known as King Solomon Dome, located approximately 32 km (20 miles) southeast of Dawson City.

STANDARD GOLD MINES LTD.

PROPERTY
LOCATION MAP

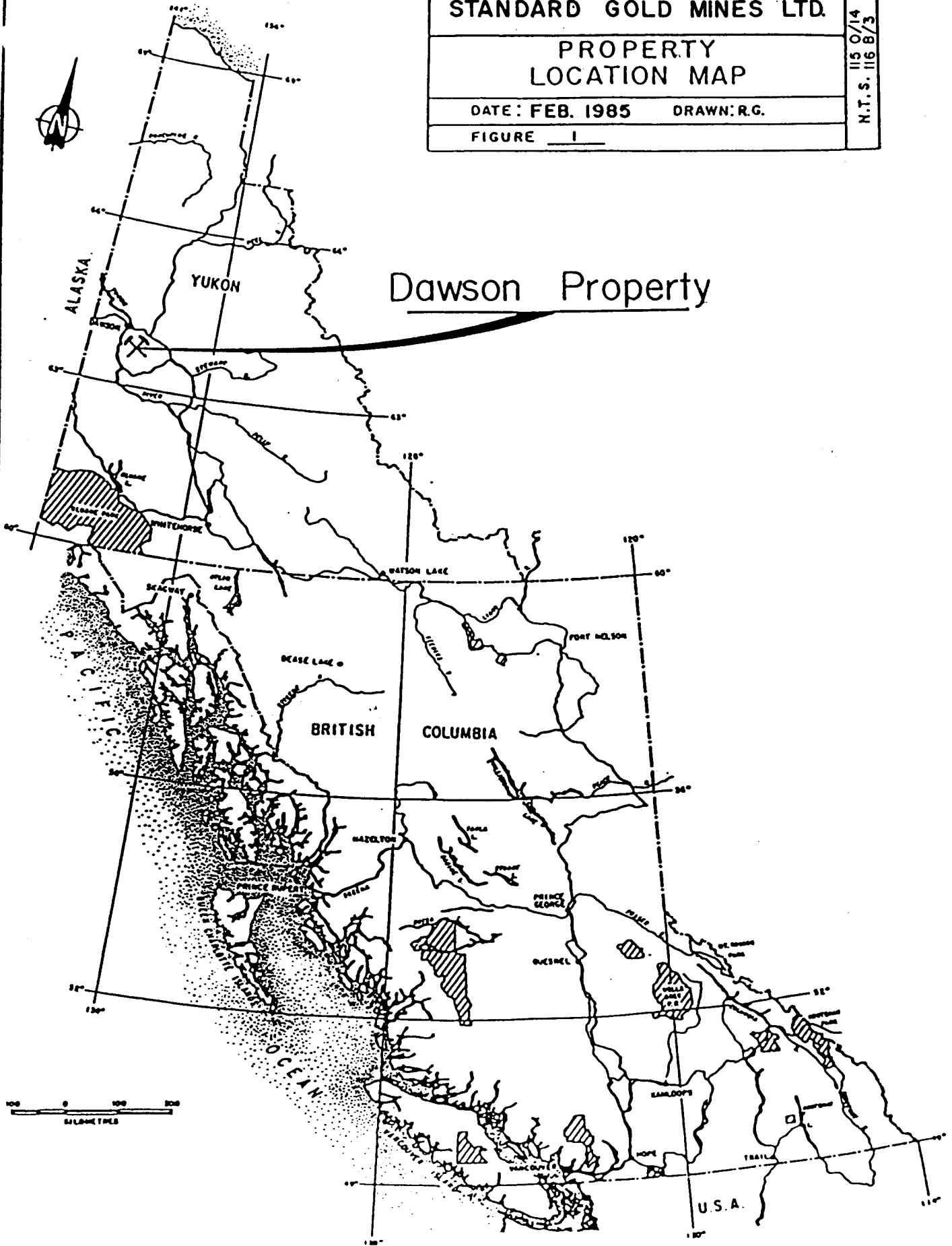
DATE: FEB. 1985

DRAWN: R.G.

FIGURE 1

115 O/14 B
N.T.S. 116 B/3

Dawson Property



The Klondike proper occupies an area of approximately 30 by 60 km (18 by 37 miles), its long axis extending southeasterly from Dawson City which is situated at the northwestern apex of the main gold-producing region. Elevations within the Klondike range from 320 metres (1050 ft.) at Dawson City to 1295 metres (4048 ft.) at the top of King Solomon Dome, a span of approximately 915 metres (3000 ft.). The principal gold-producing streams of the Klondike originate near, and radiate in a general way from, King Solomon Dome, flowing eventually into the Klondike River on the north and the Indian River on the south and thence into the Yukon River.

The Klondike region was not glaciated and, as a result, the deeply weathered, pre-glacial, gently rolling upland surface has been preserved. A thick covering of decomposed schist, usually intermingled with slide rock, mantles the side hills nearly everywhere. On the ridges the covering is less; the schists, often worn into fantastic shapes, occasionally project above the surface or crop out along the sides of the steeper hills.

The region has a northern continental climate, characterized by low precipitation and a wide temperature range. The winters are intensely cold and long, while the summers, although short, are pleasant with cool nights and warm days. Because of the land form there is a tendency for local micro-climates to develop at the bottom of steep valleys which involves higher summer maxima and lower winter minima than are recorded in Dawson City. Precipitation is only about 30 cm (12 in.) per year with more rain in summer than snow in winter. Most of the mountain ridges are free of snow by mid-July, but frost may occur at any time during the summer. As a rule, precipitation is so low that shortages of water for placer mining are sometimes experienced.

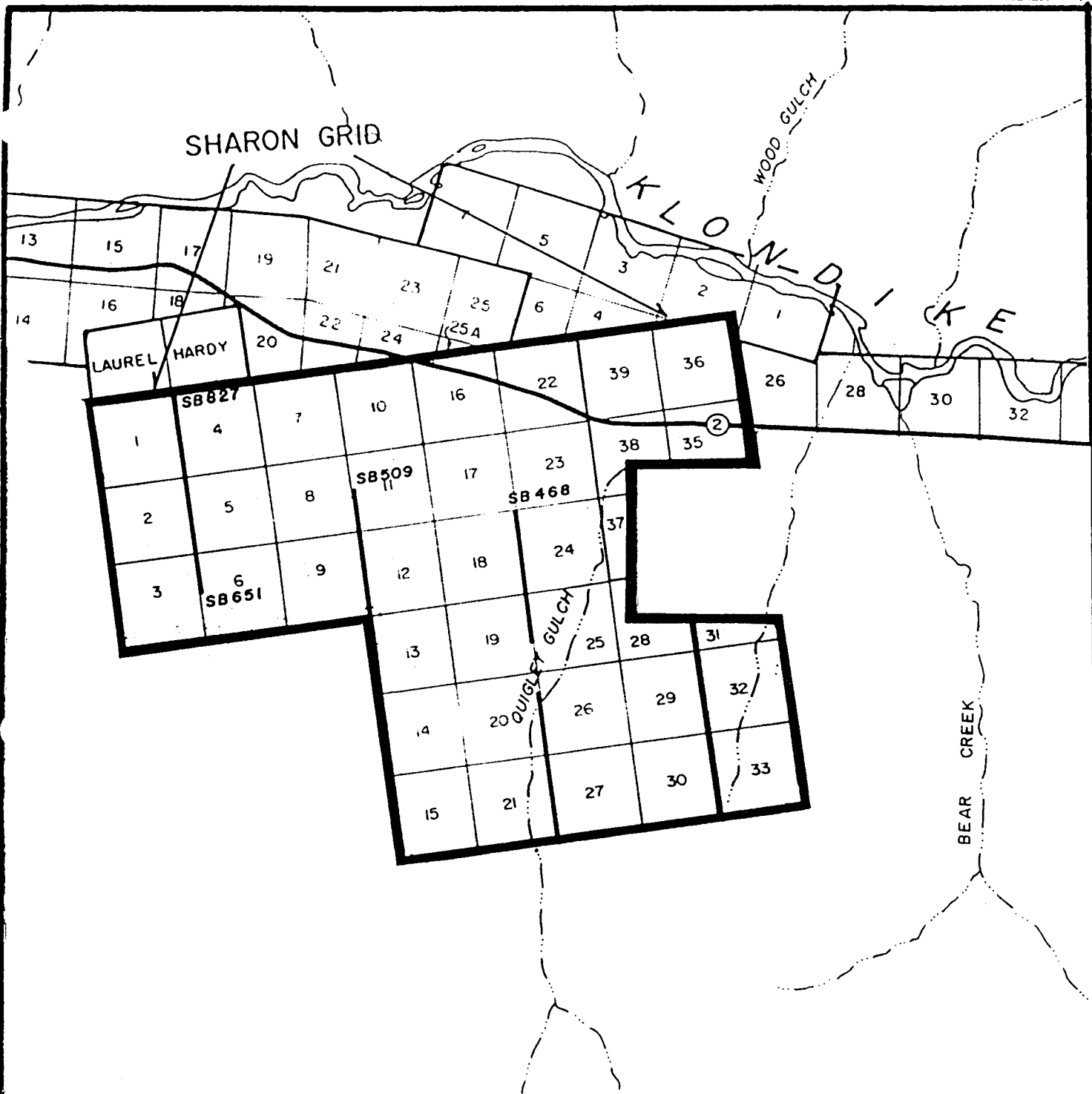
Vegetation is mixed boreal forest and tundra. Immature and stunted stands of aspen, balsam poplar, and birch are present in the valley bottoms and are beginning to reclaim the older mining areas. Softwood timber consisting mainly of white and black spruce are limited to slopes and ridge tops.

1.3 CLAIM INFORMATION

The property is located in the Dawson Mining District of northwestern Yukon Territory and consists of 38 claims covering an area of approximately 950 hectares. Claim information is listed in TABLE I below:

TABLE I
CLAIM STATUS

CLAIM NAME	RECORD NO.	DATE CLAIM RECORDED
SHARON 01	YA 79638	22 February 1984
SHARON 02	YA 79639	22 February 1984
SHARON 03	YA 79640	22 February 1984
SHARON 04	YA 79641	22 February 1984
SHARON 05	YA 79642	22 February 1984
SHARON 06	YA 79643	22 February 1984
SHARON 07	YA 79644	22 February 1984
SHARON 08	YA 79645	22 February 1984
SHARON 09	YA 79646	22 February 1984
SHARON 10	YA 79647	22 February 1984
SHARON 11	YA 79648	22 February 1984
SHARON 12	YA 79649	22 February 1984
SHARON 13	YA 79650	22 February 1984
SHARON 14	YA 79651	22 February 1984
SHARON 15	YA 79652	22 February 1984
SHARON 16	YA 79653	22 February 1984
SHARON 17	YA 79654	22 February 1984
SHARON 18	YA 79655	22 February 1984
SHARON 19	YA 79656	22 February 1984
SHARON 20	YA 79657	22 February 1984
SHARON 21	YA 79658	22 February 1984
SHARON 22	YA 79659	22 February 1984
SHARON 23	YA 79660	22 February 1984
SHARON 24	YA 79661	22 February 1984
SHARON 25	YA 79662	22 February 1984
SHARON 26	YA 79663	22 February 1984
SHARON 27	YA 79664	22 February 1984
SHARON 28	YA 79665	22 February 1984
SHARON 29	YA 79666	22 February 1984
SHARON 30	YA 79667	22 February 1984
SHARON 31	YA 79668	22 February 1984
SHARON 32	YA 79669	22 February 1984
SHARON 33	YA 79670	22 February 1984
SHARON 35	YA 84291	24 July 1984
SHARON 36	YA 84292	24 July 1984
SHARON 37	YA 84293	24 July 1984
SHARON 38	YA 84294	24 July 1984
SHARON 39	YA 84295	24 July 1984



STANDARD GOLD MINES LTD.	
CLAIM MAP	
DATE: FEB. 1986	FIGURE 2
BY: RAG.	

1.4 HISTORY AND PREVIOUS PRODUCTION

The colourful history of discovery, development, and subsequent mining of placer gold in the Klondike has been documented by many authors and historians and is therefore treated only briefly herein.

The earliest reported discovery of gold dates to the mid-1800's, but not until the phenomenally rich "Klondike Discovery" in 1896 on Bonanza Creek and the subsequent gold rush of 1897-98, was much interest paid to the area. Gold production from the Western Cordillera of Canada to the end of 1978 totals 35 million ounces, of which over 11 million ounces were produced from the Klondike.

The mining history of the Klondike can be divided into four overlapping periods: 1) hand and primitive mining, 2) dredging, 3) dormant, and 4) renewed activity.

Hand and primitive mining methods lasted about nine years (1896 to 1905) and were undertaken usually by individuals or small groups. Production through these early years was estimated by McConnell in 1905 to have been over 5.5 million ounces; this production was primarily by shaft sinking and drifting along bedrock or by open-cut mining. When water was available and the topography allowed the use of hydraulicking operations, good results were possible.

The first dredge was introduced in 1903, and although there were some non-production years during the start of this period, the last dredging operation ceased production in 1966. During the more than 60 years of dredging over 400 million yards of creek and river gravels were treated and more than 5.5 million ounces of gold recovered.

Dredging operations began to decline in the late 1950's and ended in 1966 initiating the 10 to 12 year dormant period. During this time only a few hardy individuals worked their claims on a part-time basis.

In 1977 interest and activity resumed with the increase in the price of gold. Today the area is swarming with activity; although only one dredge is presently working in the Dawson Mining District (at Clear Creek), many operators have introduced the largest earth moving equipment available, and for five months a year the area is alive with small and medium-sized operations re-working or re-examining the area.

1.5 PREVIOUS WORK

No available information was found to indicate that this area had ever been staked for its lode potential; however, the hillsides are dotted with small shafts and workings that indicate at one time there was interest in the area.

In 1983, an independent aerial photogrametric project was carried out by Mr. William Dawson to trace geologic units and to identify source areas for gold mineralization in the Klondike placer gold camp. This survey identified the existence of a geologic, probably stratiform, unit believed to be the principal source area for placer gold in Bonanza Creek. An initial VLF-EM geophysical survey and a cursory geochemical survey outlined a coincident VLF-EM conductor and anomalous gold overlying some of the photogrametric linears.

In May 1984, Questor Surveys Limited of Mississauga, Ontario was contracted to fly an INPUT electromagnetic and magnetic survey over the northern portion of the Klondike. This survey outlined a number of anomalous areas which were to be followed up during the 1984 field season. On the ground presently held by Standard Gold Mines a magnetometer survey was carried out across the Klondike valley at Quigley Gulche as part of the follow-up to the INPUT electromagnetic and magnetic survey.

In 1985 a reconnaissance geochemical survey was conducted along claim lines to get an appreciation for the geochemical signature of the property. The results of the reconnaissance survey are discussed in the section on geochemistry.

2.0 GEOLOGY

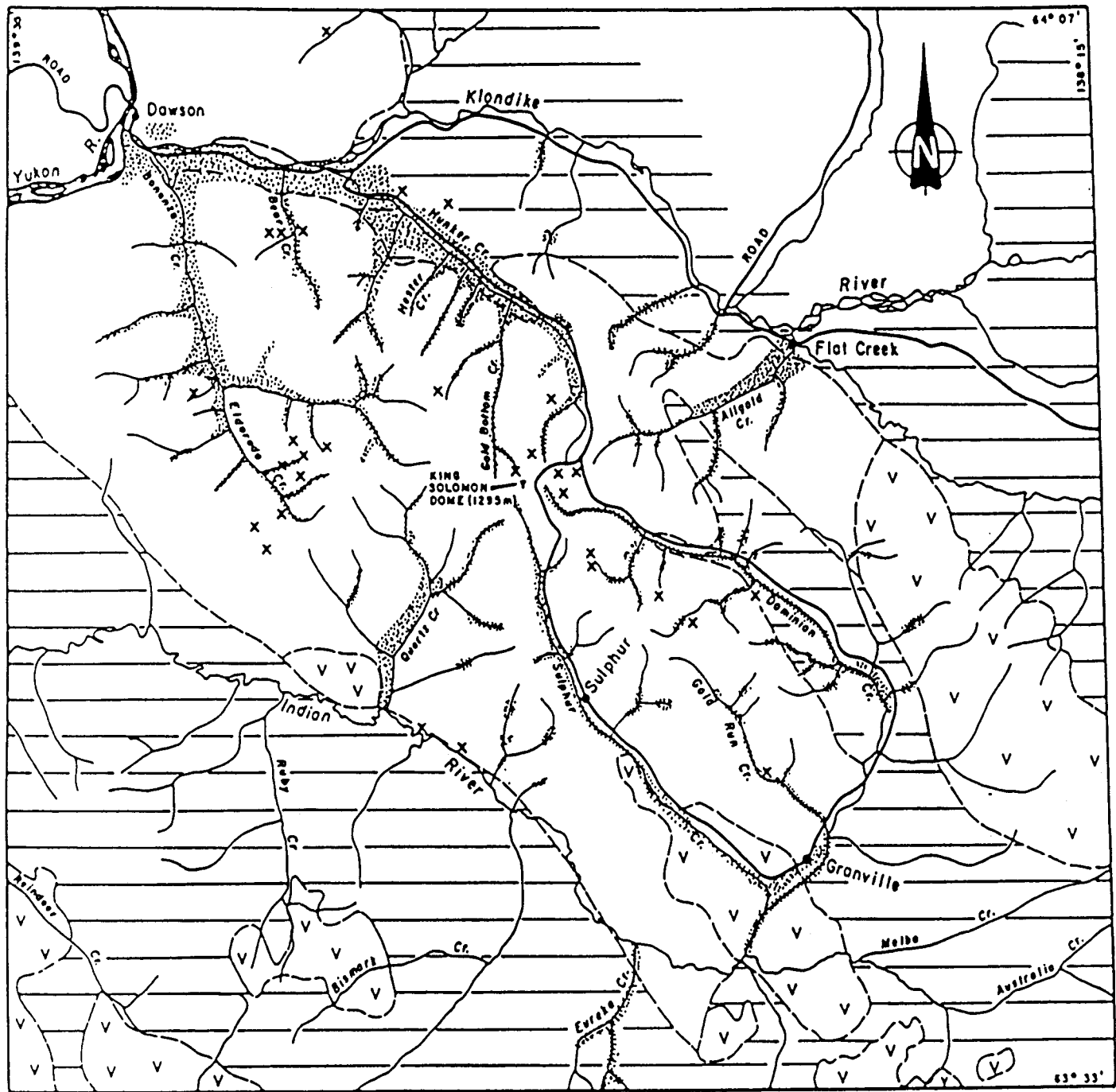
2.1 GENERAL GEOLOGY

Bedrock exposures throughout the Klondike amount to less than one per cent of the surface area and are generally confined to gulches, recent landslide areas, and road cuts. When exposed, the bedrock is always deeply weathered. The Klondike proper is underlain by metamorphic rocks of unknown age, believed to be late Precambrian. The principal unit is referred to as the Klondike Schists. This series of metamorphics is comprised mainly of sericite and chlorite schists and are locally intruded at numerous points by several types of intrusives. A massive coarse-grained grayish granite, similar to Coast Range granites, cuts the schist to the west, and serpentinite, derived in part from peridotites, crops out at several points on the crest of the ridge separating Hunker Creek from the Klondike River. Numerous small intrusions of quartz porphyry, rhyolite, and andesite are dotted irregularly throughout the district.






The Klondike Schists were considered as the most important group of rocks in the district, as they constitute the country rock along the productive portions of all the richer creeks and were initially thought to be genetically related to the occurrence of gold. The rocks of this series are mainly light-coloured or greenish micaceous schists; the principal minerals present being quartz, orthoclase, some plagioclase, sericite, and fine-grained chlorite. The schists often occur in alternating white and green bands, the colour of the banding entirely dependent on the predominance of either sericite or chlorite. Ferro-magnesian minerals are almost entirely absent. The rocks are greatly crushed and altered, and in places they are almost entirely recrystallized. Narrow quartz veins, lenses, and blows are ubiquitous within the schists. McConnell (1905) reports that thin-section examination indicates that the schists were derived from quartz and granite porphyries. Figure 3 is a generalized geologic map of the entire Klondike District and shows the approximate distribution of the Klondike Schist.

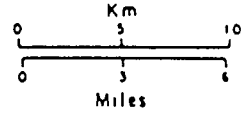
Eight km to the southwest of the claim group, Klondike schists are in contact with blocky weathering quartz-feldspar schists which in places contain up to 5% biotite. These rocks have a moderately strong, medium grained granitic texture with parallel alignment of biotite, and are not as highly cleaved as the Klondike schists. Thin section studies of these rocks indicate that they were originally medium- to coarse-grained plutonic rocks of granodiorite to quartz diorite composition.

Younger rhyolitic intrusives outcrop in several places along Bonanza and Hunker Creeks. These are light pink to orange in color and are porphyritic containing quartz and/or feldspar phenocrysts in a fine-grained matrix. This unit has been dated at approximately 50 million years (Tertiary) by the Geological Services Division of the Department of Indian and Northern Affairs.



LEGEND:

-  Known placer production
-  Zones of auriferous quartz veins & polymetallic veins
-  Klondike gneissic granite
-  Klondike schist: sericite, chlorite & graphitic schist.
-  Mainly Yukon Group rocks (gneiss, quartzite, schist, slate) overlain by Tertiary and Quaternary alluvial deposits.



NOTE: Modified from Boyles 1979.

FIGURE 3: Generalized geology of the Klondike Mining District, Yukon Territory.

Late tertiary volcanism is present as basalt dykes, as well as andesite dykes, flows and tuffs. These younger volcanic rocks are closely associated with clastic sediments which together comprise the Carmacks group as mapped by H.S. Bostock.

The Klondike Schists are cut repeatedly by small faults with indicated displacements ranging from a few centimetres to several metres. Slickensides found near the projected location of topographic linears, identified in the 1983 aerial photographic study, suggests that normal faulting to some degree has occurred within these beds. However, because of the depth of weathering and the resulting decomposition of the bedrock, faults are seldom conspicuous except in areas where bedrock is exposed by mining operations.

Southeast of the **SHARON CLAIMS** is an area of tectonic melange found along some of the benches of Hunker Creek. This area suggests that a higher degree of faulting has occurred parallel to the creek valley. Serpentinite float, and altered ultramafics are found along portions of the suspected fault zone. Much of the bedrock along the zone displays a high degree of clay alteration suggesting that a variety of hydrothermal solutions have permeated along the fault zone at different times.

Collected field data suggests that at least two events of folding has occurred, one around a northwest-southeast trending fold axis, followed by a second around an east-west trending fold axis. Evidence from other areas in the region suggests that four deformational events have affected the area, ranging from those related to regional metamorphism, to more localized, lower grade, minor folds.

2.2 ECONOMIC GEOLOGY

With few exceptions, economic geology of the area has always been focused on the placer deposits. Since production began in 1896, the Klondike District southeast of Dawson City has been the source of more than half the placer gold produced in Western Canada and amounted to over 11 million ounces which at today's price represents almost five and one half billion Canadian dollars.

There is little doubt that most of the Klondike gold is detrital in origin. However, the source of the placer gold has long been debated, and for nearly eighty years the only source considered has been the multitude of narrow and supposedly auriferous quartz veins within the Klondike Schist. Further, because of the extensive cover of gold-bearing White Channel gravels that blanket the area from the Yukon River to King Solomon Dome, the source of most of the gold has been thought to be centred near King Solomon Dome.

The earliest reported study on the lode deposits was by Cairnes (1911) in which he briefly described the development work on some of the more promising quartz veins in the district. One property near the head

waters of Victory Gulch, a tributary of Bonanza Creek, has long been considered the source of the gold in the gulch and along part of Bonanza Creek. The principal, vein with its associated surrounding mineralized zone, varies in thickness from 1 to 3 metres (3 to 10 feet) and is traceable along strike for 120 metres (400 feet) but may extend another 200 metres (600 feet). Cairnes failed to indicate the grade of this deposit, but he suggested that the gold content is in excess of 0.25 ounces per ton. Reserves in this vein indicate approximately 1500 tons per metre containing about 400 ounces per metre. McConnell (1905) reported that ten 500 foot wide claims along the gulch and Bonanza Creek produced over 200,000 ounces: the inference is that all the gold recovered in the placers could not have come solely from this vein.

Very little work has been done regarding the lode potential of the area since the original work done by Cairnes. Gleeson's report (1970) gives useful information concerning possible geochemical exploration techniques; and contains spectrographic analyses of gold from a number of the creeks. Such information is useful for identifying pathfinder elements. All stream samples reported the presence of Ag, Cu, Hg, Ti, Mg, Al, and Fe, and some contain traces of Pb, As, Sb, V, Ba, and Sn.

The origin of the gold in the Klondike placers has long been debated because few sizeable, rich, primary gold-bearing deposits have ever been found in the district. McConnell originally considered that the gold came from the quartz deposits in the district. While this is partially true, this source cannot account for more than a small fraction of the known gold. In addition the volume of quartz in the White Channel gravels as estimated by Boyle (1979) should exceed 6×10^9 tons, but this amount of material could not possibly have come from the myriad of narrow quartz veins impregnating the Klondike Schist. From the character of the gold and its varying fineness within a given drainage it is apparent that the source is local. In addition to the chemically precipitated gold, the most important source for gold is believed to be in pyrite and pyritiferous graphitic schist layers or beds within the Klondike Series. Recent work (Defresne and Morison, 1985) on alteration within the White Channel Gravel suggests that gold may in fact be of hydrothermal origin produced by a deep seated Tertiary intrusive. The Questor airborne survey outlines a deep intrusive body centered beneath the Klondike; however, its age and economic importance remain unknown.

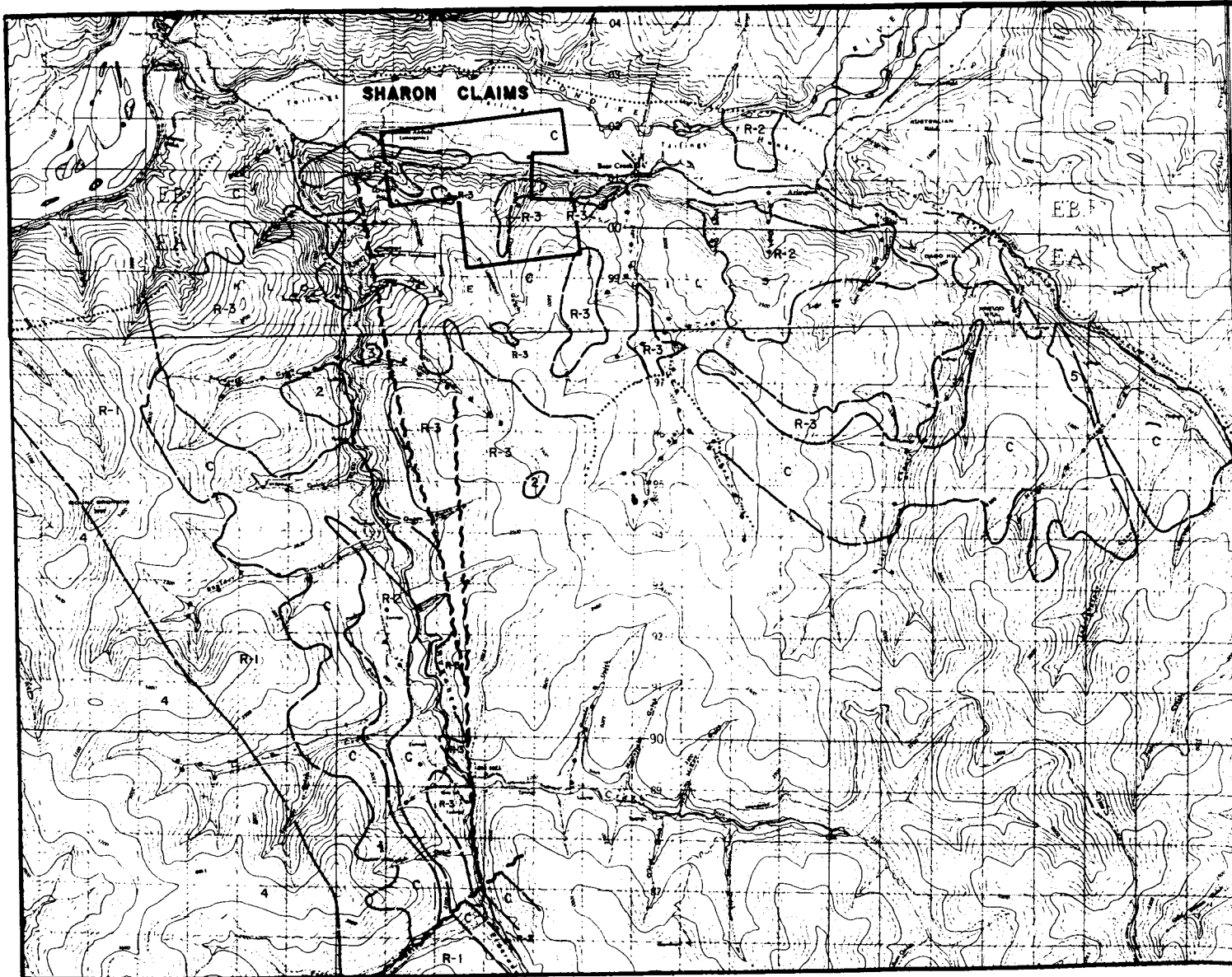
2.3 PROPERTY GEOLOGY

Geological mapping was carried out in and around the property during the 1984 and 1985 field season. Much of this mapping was done concurrently with soil sampling to make use of rock chips which were often encountered during soil sample collection. This data, supplemented by geophysical information (Questor survey) and government geology maps (Debicki, 1984) was used to compile a 1:50,000 scale geology map of the northern portion of the Klondike of which the **SHARON CLAIMS** are a part. New geological information obtained during the 1985 field season resulted in a few changes being made to the 1984 map (Figure 4).

The majority of rocks underlying the claim group belong to the Klondike Schists. These are quartzo-feldspathic schists containing varying amounts of chlorite, muscovite and sericite. Muscovite schist is the most common variety found, followed by chlorite schist, and sericite schist. The various schist types grade into one another, and contacts are often poorly defined. These rocks display a high degree of schistosity, and commonly contain porphyroblasts of quartz, feldspar, or both. In the chlorite schist quartz porphyroblasts make up to 30% of the total rock. Graphite rich beds also occur within the Klondike schists. These stand out where visible in outcrop because of the contrasting black color within the light greens and greys of the surrounding schists. Graphitic beds are fairly continuous and are useful as marker horizons when following stratigraphy, especially along the west side of the property. Bedding orientations indicate a general north-south strike with dips of 30° to 40° west. Contorted pods and lenses of quartz and quartz-calcite are common throughout the Klondike schists. These are plastically deformed to a high degree, and are generally aligned parallel to foliation. A later set of fracture filling quartz forms narrow stringers of up to 1 centimetre width which both crosscut and parallel foliations. The total amount of quartz in a given area may reach up to 50% of total rock, but averages approximately 20%.

2.4 ALTERATION AND MINERALIZATION

The possibility of hydrothermally altered zones on the property became evident when heavy mineral concentrate samples collected in 1984 were reanalysed for arsenic in early 1985 (see Figure 5). Source areas for arsenic were especially apparent on the east side of the property. Bedrock exposures on bench placer operations along Hunker Creek further supported the hydrothermal alteration possibility. On Nugget Hill secondary cementation of white channel gravels by an iron rich solution was found overlaying pyritiferous graphitic schists. Highly pervasively clay altered bedrock was found on Paradise, Preido and Dago Hills in trenches which reached up to 15 metres in depth. Soil samples and rock chip samples from these areas commonly show high arsenic, mercury, or antimony values.



LEGEND:

- LATE CRETACEOUS TO EARLY TERTIARY
 - 1 ANDESITE
 - 2 QUARTZ FELDSPAR RHYOLITE PORPHYRY
- GRANODIORITE
- FELDSPAR - QUARTZ SCHIST
- SERPENTINITE
- TRIASSIC OR OLDER
 - R-1 RESISTIVE UNIT ONE: Muscovite - Quartz - Feldspar Schist; Quartz - Chlorite Schist
 - C CONDUCTIVE UNIT: Graphitic - Chlorite - Sericite Schist; Graphitic Marble; Muscovite - Quartz - Feldspar Schist; Quartzite.
 - R-2 RESISTIVE UNIT TWO: Quartz - Chlorite Schist; Sericite - Quartz Schist; Quartz - Feldspar Porphyry, Feldspar - Quartz Schist
 - R-3 RESISTIVE UNIT THREE: Muscovite - Quartz - Feldspar Schist; Quartz - Chlorite Schist

- FAULT
- CONTACT - INFERRED FROM AIRBORNE CONDUCTIVITY AND MAG SURVEY

STANADARD GOLD MINES LTD.

DAWSON AREA

GENERAL GEOLOGY

SCALE
0 500 1000 2000

DATE FEB 1986
BY RG/rwr

FIGURE 4

3.0 GEOCHEMISTRY

3.1 SAMPLING, SAMPLE PREPARATION, AND ANALYTICAL PROCEDURES

Soil sampling was carried out along each claim line used to stake the property. Samples were taken at spacings of 50 metres. All samples were placed in numbered Kraft envelopes and sample locations were marked with colored plastic flagging tape bearing the corresponding sample number. Samples were shipped to Chemex Labs Ltd. in North Vancouver for analysis. Approximately 130 'B' horizon soil samples were taken.

In the laboratory, samples were oven-dried and sieved to minus 80 mesh. The coarse fraction was then discarded and the fine fraction analysed for 31 elements. Analysis for 30 of the elements was obtained using the Inductively Coupled Plasma - Atomic Emission Spectrometry (ICP-AES) analytical technique. Gold was one of the 30 elements handled by the ICP technique, however, because most samples were expected to contain low levels of gold concentration, all samples were re-analysed for gold using the fire assay preconcentration technique followed by atomic absorption analysis.

3.2 TREATMENT, PRESENTATION, AND DISCUSSION OF RESULTS

Soil lines, claim boundaries, and the results of the chemical analysis for Ba-Ag-Au, Cu-Fe, and Mo-Pb-Zn are presented on Figures 5 to 7, respectively. In order to interpret results, a statistical study was done to separate anomalous from background values for eight elements of greatest interest. The samples used in the statistical treatment includes all of the samples collected during the 1985 geochemical programme in the Klondike. Using the background population, threshold values were determined as the mean plus two standard deviations ($\bar{x} + 2s$) so that all values higher are considered anomalous. The mean plus three standard deviations ($\bar{x} + 3s$) is considered highly anomalous. Threshold and highly anomalous values for eight elements are presented in Table II. Sample results and symbols indicating the threshold values for all elements except Mo are also presented on Figures 5 to 7.

Although the survey occasionally showed isolated high metal concentrations for each element, the results were generally unsatisfactory. Geochemical values for all elements are very low and are probably due to the extensive cover of weathered and leached bedrock. Gold is probably obscured for the same reason, although, it is present at several locations.

Table II

Mean, Threshold, and Highly Anomalous Values in Soil Samples

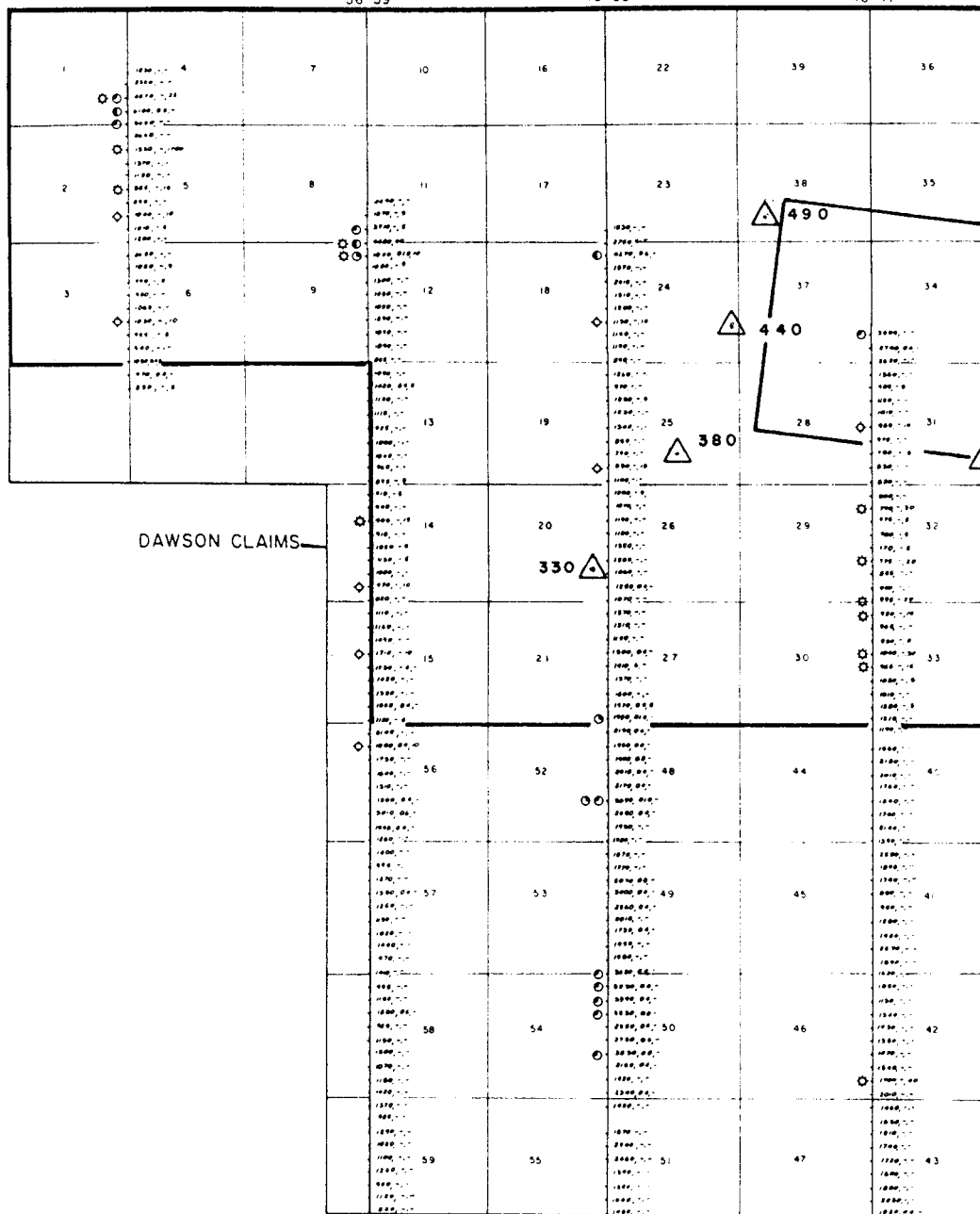
Element	Mean (X)	Threshold X+2s)	Anomalous (X+3s)
Ag	0.3	0.94	1.24ppm
Au	6	9.8	12.2 ppm
Ba	1500	3293	4113 ppm
Cu	19	48	61 ppm
Fe	2.54	4.32	5.19 %
Mo	2	5	13 ppm
Pb	21	40	49 ppm
Zn	69	131	162 ppm

The only outstanding anomalous feature is a multi-element zone in the northern portion of the claim block. The zone trends southeasterly from SHARON 1 to SHARON 31-32 and appears to represent a southwest dipping, probably stratiform, body. Within this zone, moderate Au values are associated with strong Ba, Cu, Fe, and Zn and occasionally moderate Ag and Pb values. Although some additional parallel zones are suggested, more detailed sampling will be required to outline any possible metal rich areas.

SHARON
7 - 15
56-59

SHARON
16-27
48-55

SHARON
28-39
40-47



SHARON CLAIMS

DAWSON CLAIMS

△ 490 ppm ARSENIC in
H.M.C.



LEGEND

--- 1:25,000 Scale

NOTE
A DASH INDICATES VALUE BELOW
INSTRUMENT DETECTION LIMITS

H.M.C.

○ 1:25,000 Scale

○ 1:25,000 Scale

○ 1:25,000 Scale

○ 1:25,000 Scale

○ 1:25,000 Scale

○ 1:25,000 Scale

○ 1:25,000 Scale

STANDARD GOLD MINES LTD.

SHARON GRID

DAWSON M.D. 117 NTS. 115. 01. 14

SOIL GEOCHEMISTRY

Ba, Ag, Au, RESULTS

0 200 400 600m

DATE FEB. 1986

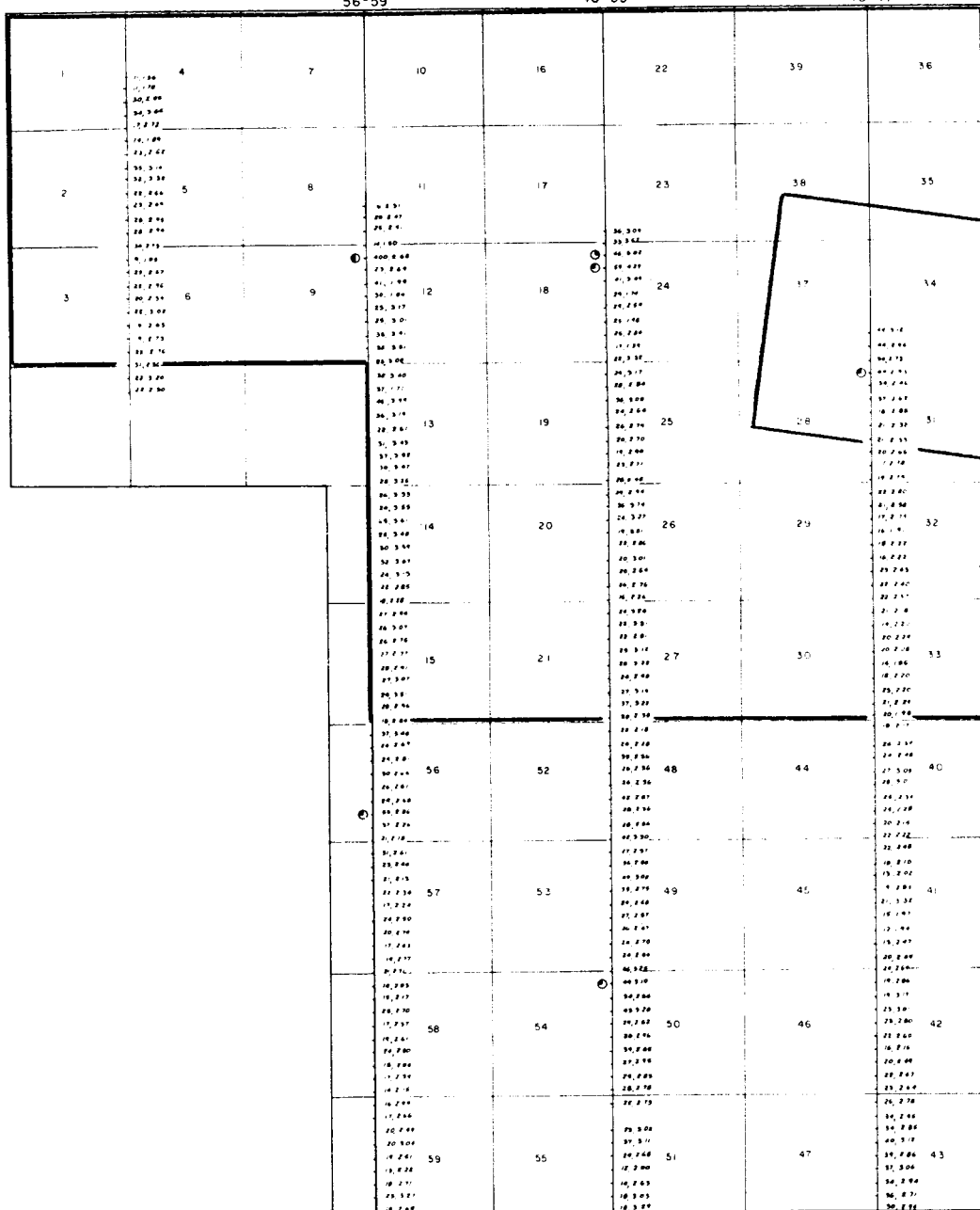
BY R. A. G

FIGURE 5

SHARON
7 - 15
56-59

SHARON
16-27
48-55

SHARON
28-39
40-47



SHARON CLAIMS



LEGEND

- 20-30% Copper
- OPEN
- 1-25% Nickel
- 1-15% Nickel
- 1-25% Zinc

STANDARD GOLD MINES LTD.

SHARON GRID
DAWSON M.D. Y.T. NTS 015-0-14

SOIL GEOCHEMISTRY
Cu, Fe RESULTS



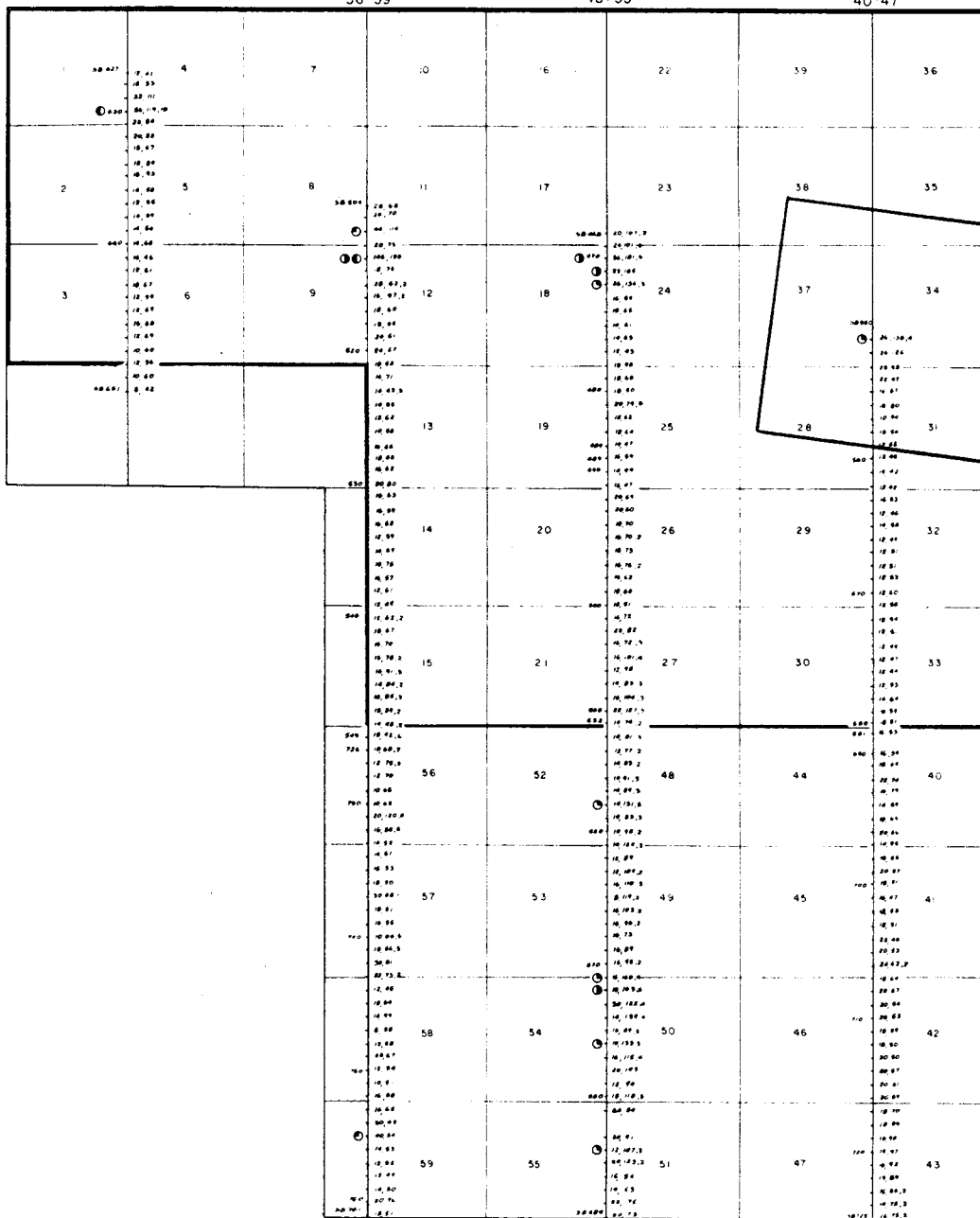
DATE FEB 1986
BY RAG

FIGURE 6

SHARON
7 - 15
56-59

SHARON
16-27
48-55

SHARON
28-39
40-47



SHARON CLAIMS



LEGEND

- ① M.B.L.A. 16, 27, 39, 40, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59
- ② EA
- ③ 200' x 200' grid
- ④ 100' x 100' grid
- ⑤ 50' x 50' grid
- ⑥ 1:350' (1:1000)

NOTE: No values if ppm or mg/kg not plotted

STANDARD GOLD MINES LTD.

SHARON GRID

DAWSON M.D. 117 NTS 115-D-14

SOIL GEOCHEMISTRY

Pb, Zn, Mo RESULTS

0 200 400 600m SCALE

DATE FEB. 1986

BY R.A.G. FIGURE 7

4.0 CONCLUSIONS

The **SHARON 1 TO 33, AND SHARON 35 TO 38 CLAIMS** are situated along the south side of the Klondike River, one of the most productive placer streams in the Klondike, in an area which appears to represent a possible source area for the gold in the River. The property is an interesting prospect with a potential for hosting a deposit of considerable importance. The results of the photogrametric survey identify a linear feature which represents a slight topographic high. It is possible that this linear could represent the surface expression of what is believed to be a silica rich, pyritiferous bed traceable for several kilometres and suspected of being a significant gold source.

A reconnaissance geochemical soil sampling survey near one of these linears suggests that gold mineralization is present in or near the linear. From mapping in other areas of the Klondike, it appears that these linear features are surface traces of fault planes.

The results of detailed geologic mapping over selected portions of the Klondike during 1985 have greatly changed our present understanding of the mechanism of gold emplacement. There is increasing evidence that gold is concentrated by hydrothermal fluids along the leading edges of thrust plates. One such leading edge lies parallel to and along the south side of the Klondike River. The **SHARON CLAIMS** overlie a portion of that leading edge.

Since the present model suggests gold mineralization is associated with hydrothermal fluids which have moved along fault planes and have altered the country rock it should be possible to trace the occurrence of hydrothermally altered country rock with a detailed ground magnetometer survey. Therefore, a magnetometer survey should be considered the primary exploration tool used in the first phase of exploration.

5.0 RECOMMENDATIONS

Because of the interesting geochemical results obtained during the reconnaissance survey and the stratigic location of these claims along side one of the most economically important streams in the Klondike, it is recommended that a systematic exploration programme be carried out to investigate the property's potential for stratiform mineralization.

Furthermore, considering the position of these claims across a photogrametric linear, additional work is warranted in a two-stage program. This work should entail detailed geologic mapping and prospecting, an electromagnetic survey, additional geochemical sampling, trenching, and drilling to assess the potential of this prospect. Successive work phases should be undertaken only if results of the previous phase are encouraging.

PHASE I

1. Grid Control

a) Establish a system of grid lines across the property to aid in geologic mapping, geophysical surveying, and geochemical sampling. Lines should be perpendicular to the suggested regional strike (at present the strike appears to be nearly east west) and spaced 250 m apart with sampling intervals at 25 metre intervals. A total of 42 line kilometres are required. Estimated cost at \$250.00/line km = \$10,500.00.

2. Geological Mapping

a) Geological mapping and prospecting of the entire property for the purpose of identifying geologic units and structures and to locate all photogrametric linears. Estimated cost at \$5000.00.

3. Geophysical Program

a) Magnetometer Survey: in conjunction with the mapping programme for the purpose of determining structures and tracing rock units. This survey can be conducted on the grid lines or in selected areas. Estimated cost = \$5000.00.

4. Geochemical and Sampling Program

a) Systematic Soil Sampling: sampling along all grid lines and analysis by ICP. Total sample collection, 1500 @ \$15.00 ea. Estimated cost \$23,000.00.

b) Systematic sampling of all veins and showings:
Estimated cost \$1500.00.

Estimated cost of Phase I including supervision \$45,000.00.

PHASE II

1. Detailed Geophysics

a) Detailed Induced Polarization (I.P.) surveys over areas of interest as outlined in the Phase I program. Estimated cost at \$25,000.00.

2. Detailed Geochemical Sampling

a) Detailed soil geochemical sampling in areas of interest as outlined in the Phase I program. Estimated cost at \$15,000.00.

3. Trenching

a) Trenching of all important veins, showings and geophysical conductors that are overlain by thin overburden. Estimated cost at \$40,000.00.

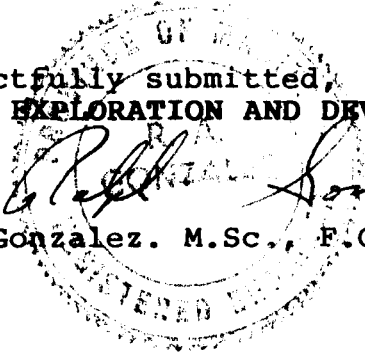
4. Diamond Drilling

a) Preliminary diamond drilling of all important geophysical and geochemical anomalies or surface showings. Estimated cost at \$120,000.00.

Estimated cost of Phase II - \$200,000.00

Respectfully submitted,
ADDER EXPLORATION AND DEVELOPMENT LIMITED


R.A. Gonzalez. M.Sc., F.G.A.C., P.Eng.



6.0 REFERENCES

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7.0 CERTIFICATE

I, R. A. Gonzalez, do hereby certify that:

1. I am a geologist and reside at 2784 Lawson Ave., West Vancouver, British Columbia.
2. I am a graduate of The University of New Mexico, U.S.A.; with a B.Sc. in geology (1965) and a M.Sc. in geology (1968).
3. I have practiced my profession since 1965 in Canada and abroad as indicated on the following page.
4. I am a registered member of the Association of Professional Engineers of the Province of Manitoba.
5. I am a Fellow in the Geological Association of Canada, Registration number 4523.
6. I have based this report on a property examination done in October 1983 and on information obtained from the Geological Survey of Canada and engineering reports and other support documents provided by Archean Engineering Limited.
7. I have no interest, nor do I expect to receive any interest, either directly or indirectly in the securities or properties of **STANDARD GOLD MINES LTD.**
8. This report may be used by **STANDARD GOLD MINES LTD.** or their agents for a Statement of Material Facts or Shareholders' newsletter, etc. either in whole or in part.

Dated at Vancouver, British Columbia, this 15th day of February, 1986;



R. A. Gonzalez M.Sc., F.G.A.C., P. Eng.

8.0 STATEMENT OF PROFESSIONAL QUALIFICATIONS

R.A. GONZALEZ, M.Sc., P.Eng.

ACADEMIC

1965	B.Sc. in Geology	The University of New Mexico, U.S.A.
1968	M.Sc. in Geology	The University of New Mexico, U.S.A.

PROFESSIONAL

1984	Adder Exploration & Dev. Ltd.	Consultant
1983	Fellow in the Geologic Society of Canada	
1983	Archean Engineering Limited	Overseas Manager
1980-1983	Placer Development y Cia. Ltd. (Chile)	Ass't Exploration Manager
1977-1980	Consultant attached to the Geological Survey of Malaysia	Ass't Project Manager on a C.I.D.A. supported mineral exploration survey over Peninsular Malaysia
1976	Member of the Professional Engineers of Manitoba	
1975-1977	Province of Manitoba	Resident Geologist for the Manitoba Dept. of Mines.
1971-1975	Giant Mascot Mines Limited	Senior Geologist
1970-1971	New Jersey Zinc (Canada) Ltd.	Exploration Geologist
1968-1970	Anaconda American Brass Ltd.	Research Geologist
1965-1966	Mex-Tex Mining Co. (U.S.A)	Geologist