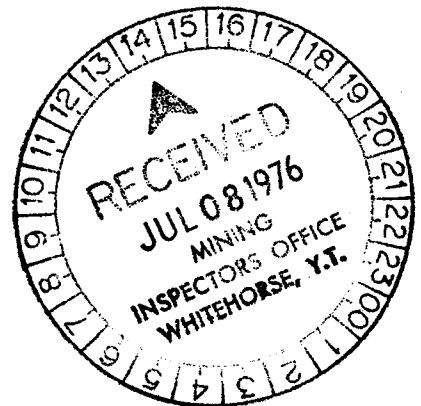


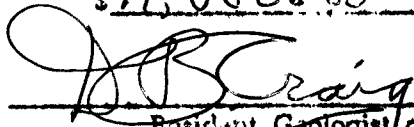
REPORT ON
AIRBORNE MAGNETOMETER SURVEY
ON THE MCKINNON AND MONTANA CREEK CLAIMS
DAWSON CITY AREA, YUKON TERRITORIES



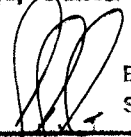



This report has been examined by the Geological Evaluation Unit and is recommended to the Commissioner to be considered as representing work in the amount of

\$11,000.00


Resident Geologist or
Resident Mining Engineer

Considered as representation work under Section 53 (4) Yukon Quartz Mining Act.


B. R. BAXTER
Supervising Mining Recorder

Commissioner of Yukon Territory

REPORT ON
AIRBORNE MAGNETOMETER SURVEY
ON THE MCKINNON AND MONTANA CREEK CLAIMS
DAWSON CITY AREA, YUKON TERRITORIES

ON BEHALF OF

ANDAC RESOURCES LTD.

by

R. O. Crosby, B.Sc., P.Eng.

May 27, 1976

Claims : SAM 1-24)
MAC 67-70 & 127-138)
FOX 1-14) McKinnon Creek Area
RAY 1,2,4,6,8,10,12,14)
OX 1-32)

RT 1-32 Montana Creek Area

Location : N75-15°

About 35 miles south of Dawson City, Yukon Territories
Dawson Mining Division

63°42' N 139°12' W
63°31' N 139°11' W

Dates: April 16 to April 23, 1976

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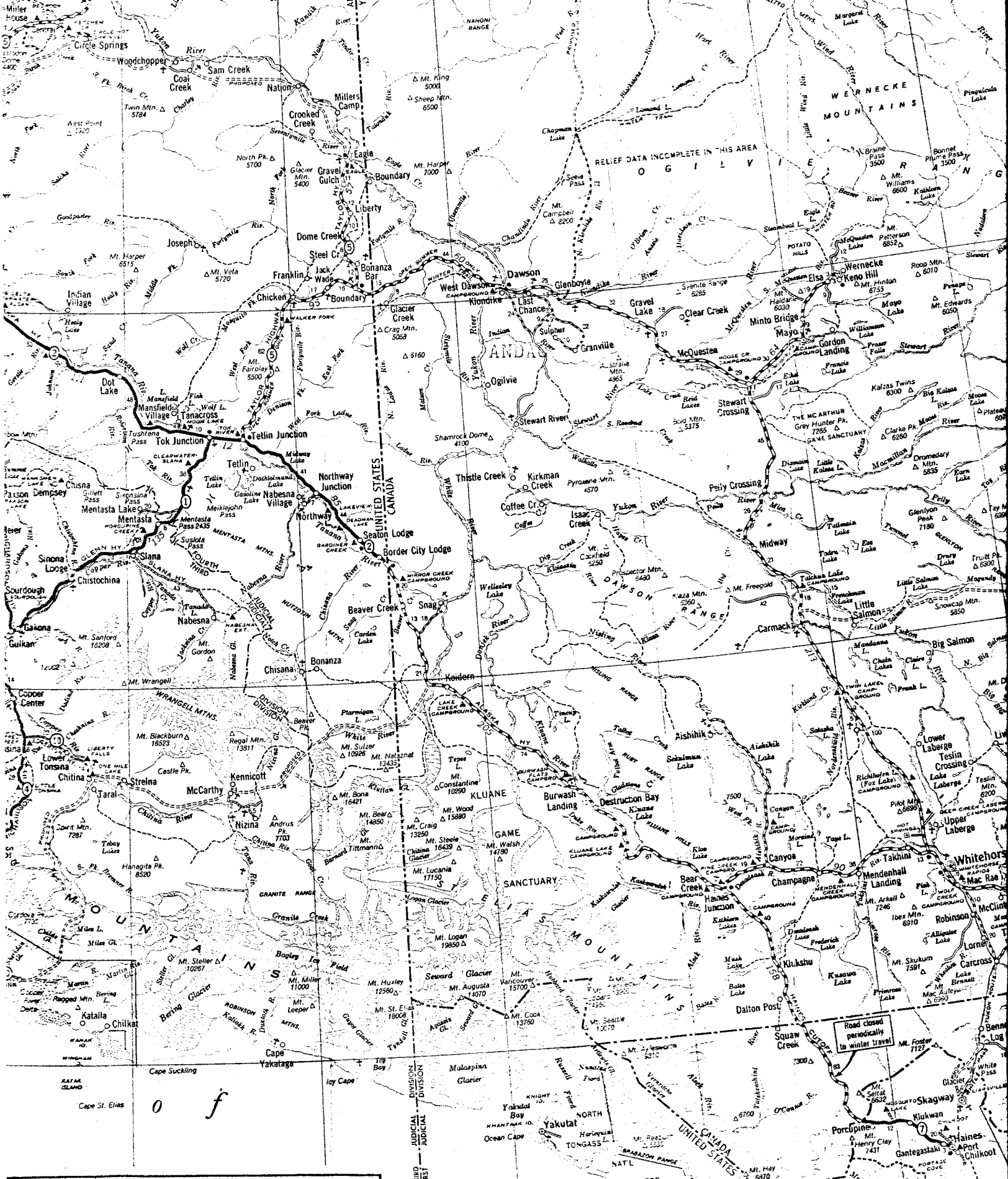
Maps

- Figure 1 - Location, Scale 1:300,000
(In envelope)
- Plate 1 - Isomagnetic Contours - McKinnon Creek Area
Scale 1:15,000
- Plate 2 - Isomagnetic Contours - Montana Creek Area
Scale 1:15,000

SUMMARY AND CONCLUSIONS

The airborne magnetic surveys completed over the McKinnon Creek and Montana Creek areas has mapped the distribution of various rock types by their magnetic responses. Basic and ultrabasic rocks are characterized by anomalies generally measuring above 1000 gammas. Volcanic rocks are recognized by their high frequency and intermediate amplitudes and conglomerates by low amplitude anomalies or an absence of anomalies.

The bedrock underlying the Tertiary stream deposits is acidic. Northwest and northeast fault directions are suggested by the magnetic field.





ROAD MAP OF SOUTHERN ALASKA
 Prepared for
STANDARD OIL COMPANY OF CALIFORNIA
 0 10 20 30 40 50 60 70 80 90 100
 ONE INCH EQUALS APPROXIMATELY 46 MILES

Figure 1

INTRODUCTION

Between April 16 and April 23, 1976 an airborne magnetometer survey was executed on behalf of Andac Resources Ltd. in the Indian River Area, Dawson Mining District, Yukon Territories.

The claims in McKinnon Creek and the Montana Creek Areas that are pertinent to the survey work are held by Andac Resources Ltd.

The purpose of the magnetometer survey was to provide a map of the subsurface distribution of magnetic minerals. In general, a magnetic map can be interpreted to reveal areas underlain by different rock types, lineaments which may be due to faulting and the location of ore bodies which contain concentrations of magnetite or pyrrhotite.

A Varian proton magnetometer mounted in a Bell Jet Ranger, furnished by Trans North Turbo Air was used to record the earth's total magnetic field. Terrain clearance was maintained with a Bonzer radar altimeter and the flight path was monitored by a 16mm single frame camera. Diurnal magnetic control was monitored with a Scintrex MF-1 magnetometer.

With the above equipment survey, lines were flown every 200 meters at a mean terrain clearance of 150 feet.

An uncontrolled photo mosaic at a scale of approximately 400 meters per inch was used for flight strips and as the base for the magnetic map.

A total of 78 line kilometers of survey were flown in the Montana Creek Area and 538 line kilometers were flown in the McKinnon Creek area. A total of 10.4 hours were required to complete the survey.

The field crew consisted of:

- Mr. Ronald Sheldrake - Geophysicist
- Mr. Michael McGee - Electronic technician
- Mr. Neville Owen - Electronic technician

GEOLOGY

A description of the geology of the area including and surrounding the survey grids is found on G.S.C. Map 711A, "Ogilvie", by H. S. Bostick.

Tertiary and Recent stream deposits underly the northern half of the McKinnon Creek Area. Tertiary conglomerates and andesites are mapped in the remainder of the area except for some ultrabasic rocks which outcrop in the eastern portion of the McKinnon Creek area and gneissic rocks which are exposed in the northeast corner of the Montana Creek area.

GEOPHYSICAL INTERPRETATION

The value of the earth's total magnetic field in the survey area is 57,400 gammas. The inclination of the field is 78.4° . The regional magnetic gradient increases northeasterly at the rate of 1.6 gammas per kilometer.

McKinnon Creek Area Plate 1

The southern one-third of the survey area is characterized by high-frequency, high-amplitude magnetic anomalies rising to a maximum of about 1700 gammas in the southeast corner.

The northern two thirds of the area is rather featureless except for some minor closures along the edge of the claim block. The magnetic field consists of an east-west trending gradient increasing in a northerly direction at the rate of about 16 gammas per kilometer.

The high frequency anomalous areas are coincident with the volcanics as mapped on GSC Map 711A. The intense anomalies, i.e., greater than 1000 gammas, located along the eastern edge of the area, are interpreted as arising from basic and ultrabasic rocks.

The increasing magnetic gradient to the north reflects the combined effects of the earth's normal magnetic field and the field arising from the bedrock surface. The minor magnetic closures located along the northern edge of the claim block probably reflect a topographic high of this bedrock surface.

Offsets in magnetic gradients located in the southern part of the map area suggest the possibility of a northwesterly fault system.

The bedrock underlying the stream deposits is interpreted as an acidic rock.

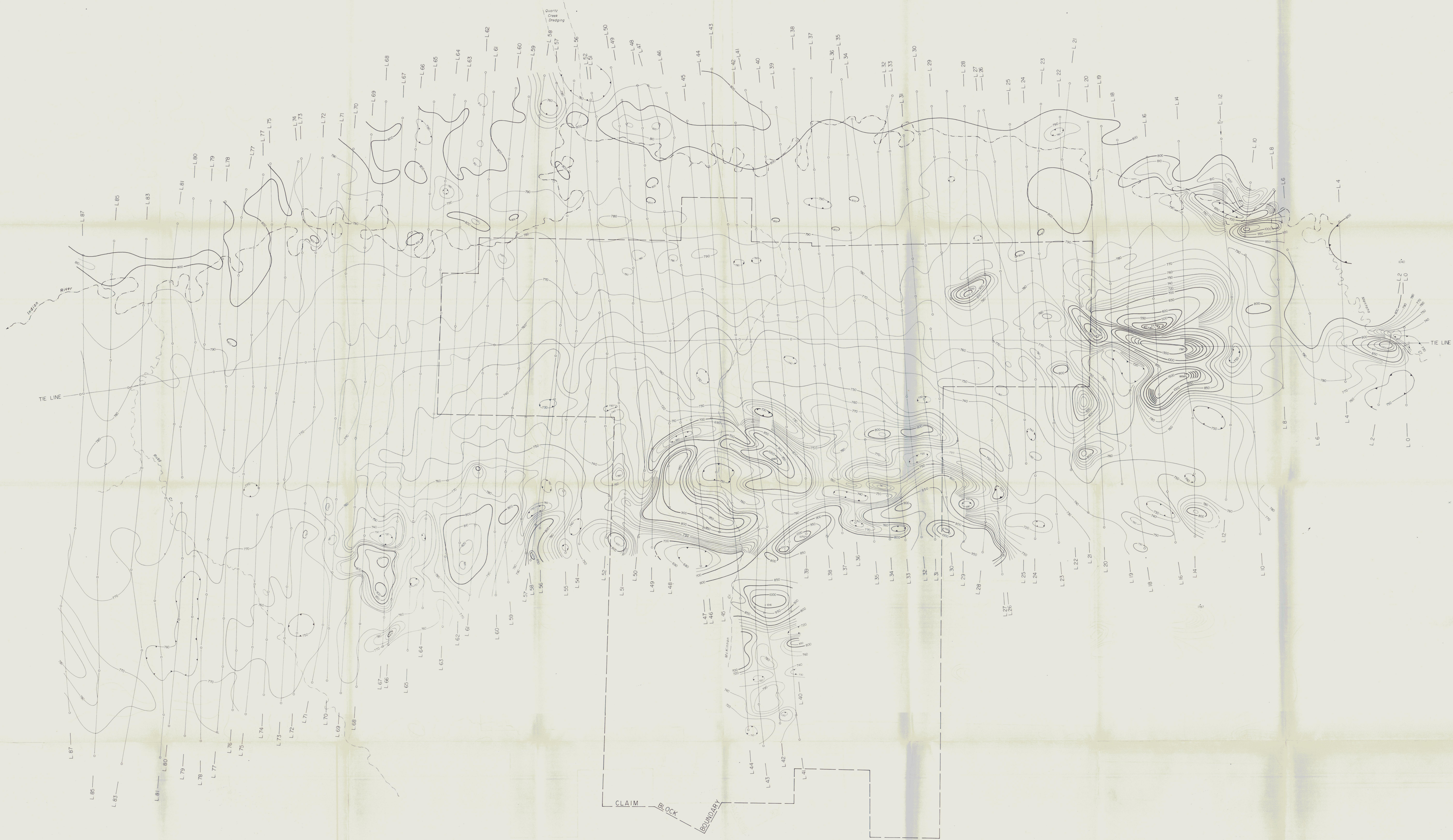
Montana Creek Area Plate 2

The Montana Creek Area is located approximately 15 kilometers south of the McKinnon Creek claim group.

Five magnetic anomalies are located within the claim block and in the southeast corner of the survey grid. The western half of the area is undisturbed except for minor low amplitude anomalies located on the southwest and northwest corners of the grid.

The anomalous zones in the east are interpreted as arising from volcanic and gneissic rocks. The magnetic field recorded over the western half of the area reflects the distribution of the tertiary conglomerates.

A distinct northwest trending fault zone is indicated by the anomalous pattern recorded on lines 10 through 15 in the central part of the survey area.



SPECIFICATIONS:
 PARAMETER: TOTAL MAGNETIC FIELD STRENGTH
 EQUIPMENT: VARIAN SENSITIVITY: 2 GAMMAS
 AIRCRAFT ALTITUDE: 200' MEAN TERRAIN CLEARANCE
 SENSOR-AIRCRAFT SEPARATION: 100'
 BASE LEVEL: ARBITRARY

ISOMAGNETIC CONTOURS
 — 500 GAMMAS
 — 100 GAMMAS
 — 50 GAMMAS
 — 10 GAMMAS
 ◡ MAGNETIC DEPRESSION

FLOWN AND COMPILED APRIL-MAY 1976

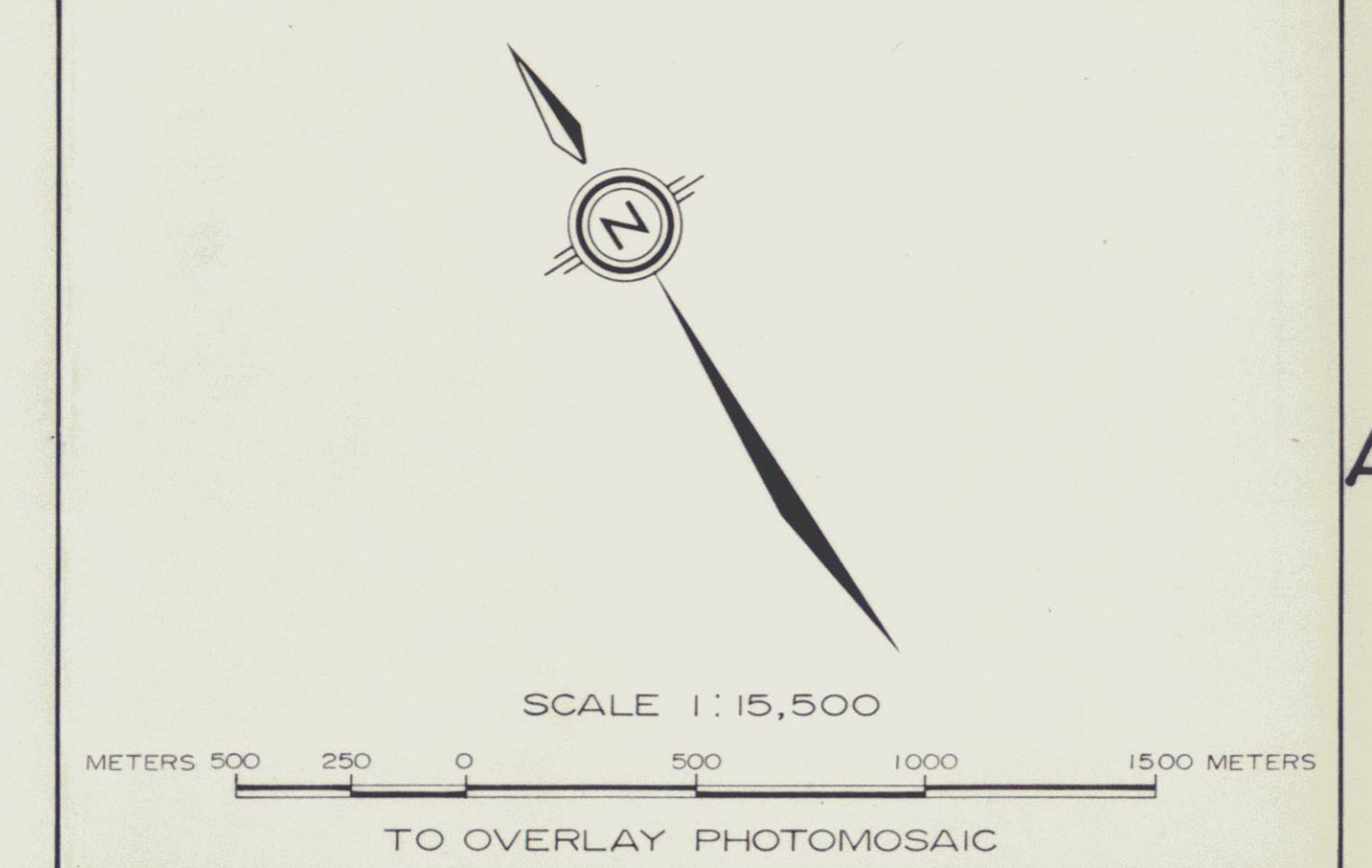
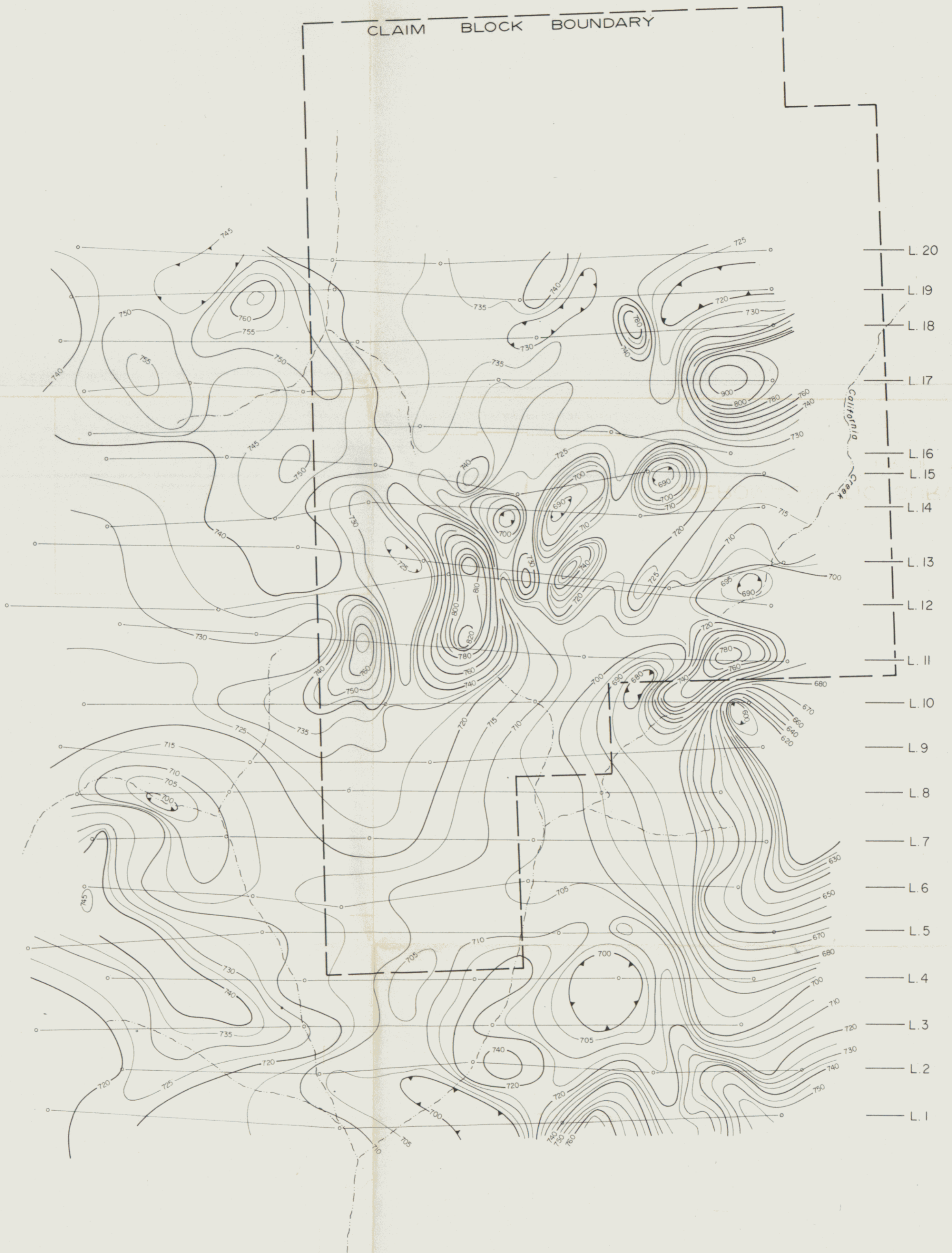


PLATE I
 RICHARD O. CROSBY & ASSOCIATES
 ANDAC RESOURCES LTD.
AEROMAGNETIC SURVEY
 INDIAN RIVER PROJECT
 MCKINNON CREEK AREA
 DAWSON MINING DISTRICT



SPECIFICATIONS:
 PARAMETER: TOTAL MAGNETIC FIELD STRENGTH
 EQUIPMENT: VARIAN PROTON MAGNETOMETER
 SENSITIVITY: 2 GAMMAS
 AIRCRAFT ALTITUDE: 200' MEAN TERRAIN
 CLEARANCE
 SENSOR-AIRCRAFT SEPARATION 100'
 BASE LEVEL ARBITRARY

ISOMAGNETIC CONTOURS
 — 700 gammas
 — 710 gammas
 — 705 gammas
 — Magnetic depression

FLOWN AND COMPILED APRIL-MAY 1976



SCALE 1:15,500
 MTRS 0 250 500 1000 MTRS.
 TO OVERLAY PHOTOMOSAIC

PLATE 2
 RICHARD O. CROSBY & ASSOCIATES
 ANDAC RESOURCES LTD.
AEROMAGNETIC SURVEY
 INDIAN RIVER PROJECT
 MONTANA CREEK AREA
 DAWSON MINING DISTRICT

ALTAIR