TALLY-HO EXPLORATION LTD.

Rogers Building
Suite 123 - 470 Granville St.
Vancouver, B.C.
V6C 1V5 (604) 684-2305

Suite 10
4078 4th Avenue
Whitehorse, Yukon
Y1A 4K8 (403) 668-2044

091822

LISTED VANCOUVER STOCK EXCHANGE THL

ASSESSMENT REPORT

ROTARY PERCUSSION DRILLING

TALLY HO 7 MINERAL CLAIM
YA 77875
Tally Ho Mountain
NTS 105-D-3
Whitehorse Mining District

Latitude: 60°15' North
Longitude: 135°04' West

091822

By:
GRAHAM S. DAVIDSON, P.Geol.
May 1986

This report has been examined by the Geological Evaluation Unit under Section 53 (4) Yukon Quartz Mining Act and is allowed as representation work in the amount of $ -40,000 —.

Regional Manager, Exploration and Geological Services for Commissioner of Yukon Territory.

TABLE OF CONTENTS

List of Figures

List of Tables

List of Appendices

INTRODUCTION

In late November 1985, a track-mounted rotary percussion drill was driven onto the upland surface of Tally Ho Mountain to test geochemical anomalies outlined earlier in the season. This assessment report describes the drill program undertaken on the TALLY HO 7 claim.

This report was prepared by G. Macdonald and Associates Ltd. on behalf of Tally-Ho Exploration Ltd.

LOCATION AND ACCESS

The claims cover the upland surface and the northeastern side of Tally Ho Mountain, 45 km south of Whitehorse, on NTS map sheet 105-D-3 at latitude 60°15' North, longitude 135°04' West. Property location is shown on Figure 1.

The property is accessible from Whitehorse via the Alaska and Carcross highways and the Wheaton River/Mount Skukum gravel road. A four-wheel-drive road extends up Partridge Creek from the Wheaton River road to the northeast side of Tally Ho Mountain. Total road distance from Whitehorse to the TALLY HO claimsis approximately 65 km.

PROPERTY

The TALLY HO 1-13 and 15-22 claims are held by Tally-Ho Exploration Ltd. and are recorded in the office of the Whitehorse District Mining Recorder under the Yukon Quartz Mining Act:

Claim Name	Grant Number	Pending Expiry Date
TALLY HO 1-8	YA77869-77876	31 December 1990
TALLY HO 9-13	YA78238-78242	31 December 1990
TALLY HO 15-16	YA78243-78244	31 December 1990
TALLY HO 17-22	YA78247-78252	31 December 1990

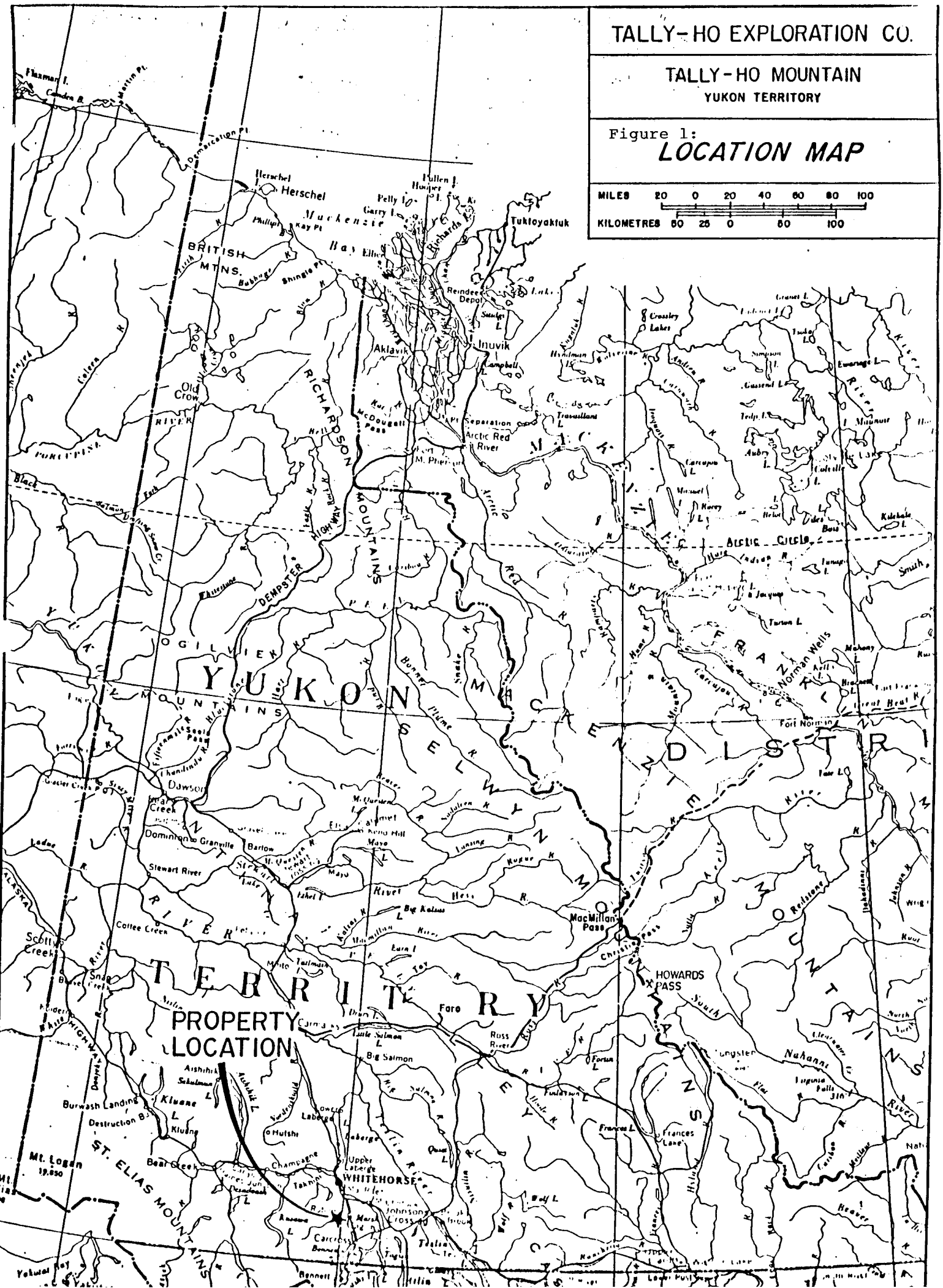
The location of the TALLY HO claims with respect to topography is shown on Figure 2.

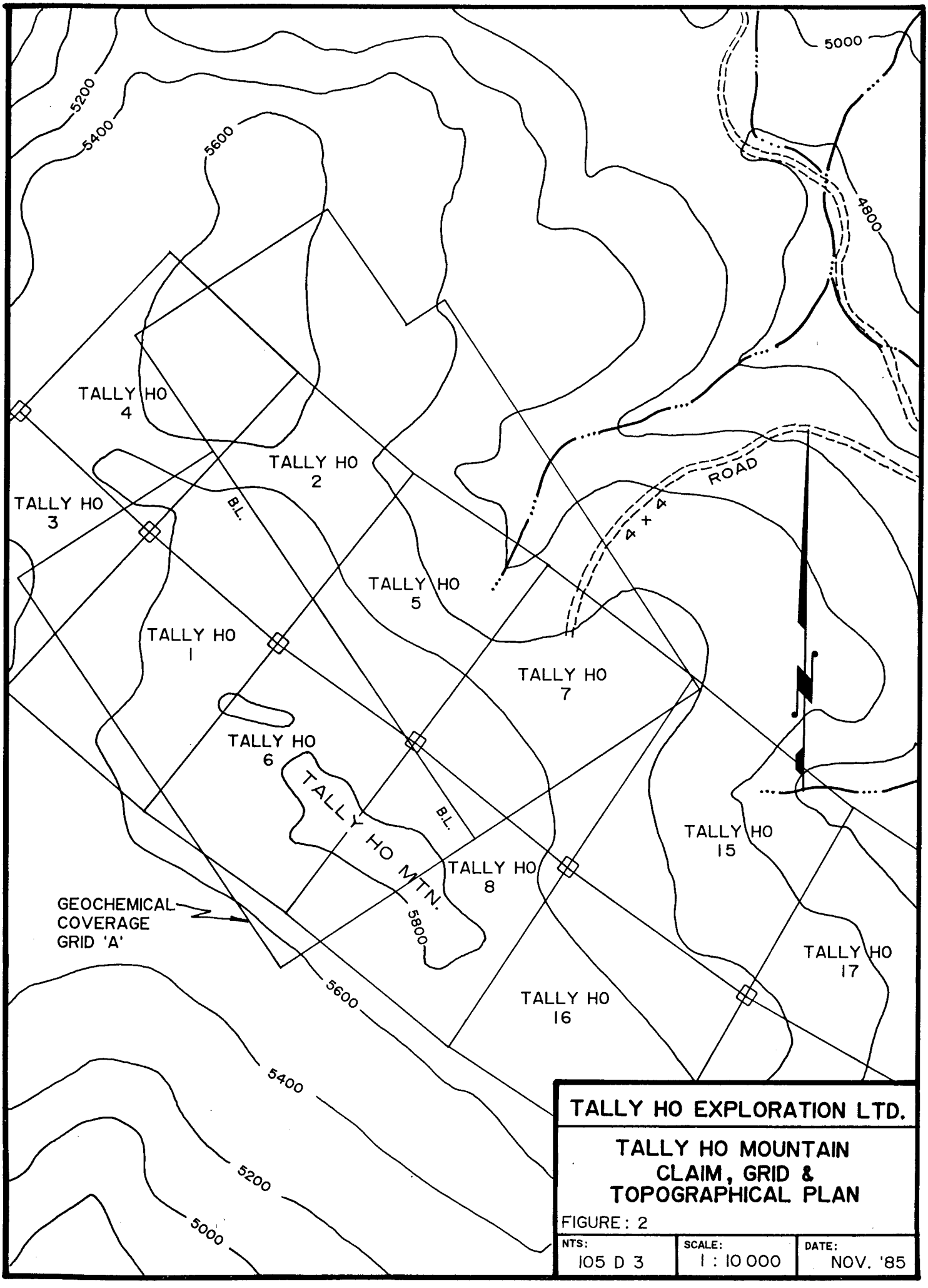
TALLY-HO EXPLORATION CO.

TALLY-HO MOUNTAIN
YUKON TERRITORY

Figure 1:
LOCATION MAP

MILES 20 0 20 40 60 80 100
KILOMETRES 60 25 0 50 100





TALLY HO EXPLORATION LTD.

TALLY HO MOUNTAIN CLAIM, GRID & TOPOGRAPHICAL PLAN

FIGURE: 2

NTS:	SCALE:	DATE:
105 D 3	1 : 10 000	NOV. '85

PHYSIOGRAPHY, CLIMATE, VEGETATION

The property covers the rolling upland surface on the east side of Tally Ho Mountain above Stevens Creek. The summit of Tally Ho Mountain lies at 5,800' (1,768 m). The alpine slopes are grass-covered with less than 1% outcrop.

Southwestern Yukon has a dry sub-arctic climate with temperatures varying between extremes of -50°C in winter and +25°C in summer. Precipitation averages 35 cm per year. Large areas of the property are quite remote from reliable sources of water for diamond drilling; water sources are often dry by late July in years with low snowfall or exceptionally dry summers. On average, mineral exploration is practical from early June to late September. An exceptionally snowy winter in 1984-85 delayed access to the TALLY HO claims until early July. Strong winds and squalls at higher elevations frequently disrupt exploration activities.

REGIONAL GEOLOGY

The Wheaton River/Bennett Lake district overlies the boundary between two terranes: (1) the Whitehorse Trough, consisting of Mesozoic and Paleozoic, folded metavolcanic and metasedimentary rocks, and (2) a younger volcanic and intrusive suite consisting of intrusive rocks of the Cretaceous Coast Plutonic Complex and Early Tertiary volcanic rocks of the Skukum Group.

The Whitehorse Trough features a complex assemblage of deformed volcanic and sedimentary rocks consisting of the Triassic Lewes River Group, the Lower Jurassic Laberge Group, the Jurassic Tantalus Group and the Jurassic or Cretaceous Hutshi Group. The Lewes River Group consists of andesite, basalt and pyroclastic flows, and foliated marine sedimentary rocks. A narrow but continuous unit of limestone, limestone breccia and quartzite has been traced in a northwesterly direction from the west side of Mount Stevens across Tally Ho Mountain and Gold Hill to the Hodnett Lakes. Interbedded schists occur with the limestone and volcanic rocks of the Lewes River Group. A narrow band of Tantalus Group conglomerates and Laberge Group siltstones outcrops on Folle Mountain and Idaho Hill; however, rocks of these groups primarily outcrop north and east of the Wheaton River/Bennett Lake district. Hutshi Group volcanic rocks occur on Montana Mountain and Gray Ridge. They are thought to be contemporaneous with Mount Nansen volcanics in central Yukon.

Cretaceous granitic rocks of the Coast Plutonic Complex are the most common in the district; typically, they consist of fresh quartz monzonite or quartz diorite. Pendants and masses of Yukon Group quartz-mica schist, gneisses and crystalline limestone occur in the granitic intrusives. The Yukon Group is of early Paleozoic and Precambrian age.

A younger series of andesite and rhyolite flows, tuffs and agglomerates mapped as the Tertiary Mount Skukum Group intrude and overlie granitic

rocks, forming volcanic complexes at Mount Skukum and Mt. Macauley. Also, Skukum Group rhyolite and granite porphyry dykes and plugs intrude Lewes River Group rocks and Cretaceous granodiorites throughout the Wheaton River area.

The geology of the Wheaton River region was initially mapped by D. D. Cairnes of the G.S.C., published in Memoir #31 (1912) and later by J. Wheeler published in Memoir #312 (1961). A reinterpretation of the regional geology formed part of the metallogenic map published as Open File E.G.S. 1979-6 (G. W. Morrison) by the Department of Indian Affairs and Northern Development.

Table 1

TABLE OF FORMATIONS

QUATERNARY	Q	Alluvium; glacial and fluvial deposits.
QUATERNARY(?)		
Miles Canyon Volcanics		Basalt; minor pyroclastics.
LATE CRETACEOUS/ EARLY TERTIARY		
Skukum Group	Trp	Stocks, plugs and dykes of quartz and feldspar porphyry with aphanitic rhyolitic matrix. Some granite porphyry; some intermediate plugs and dykes.
	Tva	Rhyolite and trachyte breccias, tuffs and flows; some felsic plugs and dykes (Trp).
	Tvb	Andesite and basalt tuffs, flows and breccias; minor greywacke at base.
MID-CRETACEOUS		
Coast Plutonic Complex	Kgd	Medium to coarse grained homogeneous biotite-hornblende granodiorite and quartz monzonite. Includes undifferentiated Trp and Tva.
JURASSIC/CRETACEOUS		
Hutshi Group(?)		Andesite, rhyolite flows and pyroclastic equivalents.
JURASSIC		
Tantalus Group		Mainly conglomerate
LOWER JURASSIC		
Laberge Group		Greywacke, arkose, quartzite, siltstone, argillite and conglomerate.
TRIASSIC		
Lewes River Group	uRc	Fine to medium grained limestone, quartzite and some marble.
	uRwp	Greywacke, siltstone, argillite and minor conglomerate.
	uRvb	Basalt and andesite flows and flow breccias; augite and/or feldspar porphyry locally.
PROTEROZOIC AND PALEOZOIC		
"Yukon Group"	PIPc	Marble, crystalline limestone, minor graphitic limestone, skarn.
	PIPsbq	Quartz-mica and quartz-chlorite schist, quartzite, minor amphibolite, feldspathic gneiss.

(Note: Symbols from Morrison (1979)

Mesozoic and Paleozoic sedimentary and volcanic rocks of the Whitehorse Trough Terrane are deformed and generally metamorphosed to at least lower green schist facies. These units trend north to northwest and are internally complex.

Structurally, the area features major faults, primarily along river valleys, associated with movement in the Coast Plutonic Complex and with early Tertiary volcanism at Mount Skukum, Mount Macauley and Montana Mountain(?) The Skukum Group volcanic rocks are equivalent to the Sloko Group of northern British Columbia and the Mount Nansen Group of central Yukon. Late stage features of Skukum Group volcanism include dacite, rhyolite and granite porphyry dykes, emplaced in fracture and fualt zones around the volcanic complexes, and quartz or quartz carbonate veining with significant precious and base metal mineralization.

HISTORY OF EXPLORATION

The Wheaton River/Lake Bennett district was first explored by prospectors travelling along the major lakes and rivers of southwestern Yukon in the early 1890's. The original claims recorded in the district were those of prospectors Corwin and Rickman who, in 1893, located antimony showings on Carbon Hill and gold-silver bearing quartz veins at an undisclosed site. The untimely deaths of the two men occurred before revealing the location of the high grade quartz showings.

The Klondike Gold Rush brought a great influx of people to the Yukon, many of whom crossed Lake Bennett en route to Dawson City. Some of these individuals strayed into the Wheaton Valley, locating claims in the Schnabel Creek drainage in 1903.

More intensive exploration began in 1906 after the discovery of free gold and gold-silver tellurides on Gold Hill by D. Hodnett and J. Stagar, and the rediscovery of the Corwin-Rickman antimony-silver showings on Carbon and Chieftain Hills. Wagon roads were built along the Wheaton River, Thompson Creek and Stevens Creek to provide access to numerous adits and pits on Gold Hill, Mineral Hill, Mount Stevens, Wheaton Mountain and Mount Anderson. Limited mining of high grade gold and silver bearing ore occurred on the Gold Reef vein at the northeast end of Gold Hill and on the Becker-Cochran (WHIRLWIND) property on the west face of Mount Anderson. Adits and shafts on Mount Stevens and Wheaton Mountain were probably exploratory; no record of ore production exists.

The Tally Ho Mine on Tally Ho Mountain was the most significant operation during the early years of activity in the area. In 1918, a shipment of 14 tons of hand-sorted ore grading 2.35 oz/ton gold, 5.1 oz/ton silver and 7% lead was smelted at Tacoma. Underground development was continued at various times between 1909 and 1938; additional ore shipments were sent to Juneau but details no longer exist. On Montana Mountain, Colonel Conrad and associates developed several gold and silver bearing quartz veins on the slope above Windy Arm (Tagish Lake). A small mill on the shore of Windy Arm processed ore extracted from the Venus, Montana and

Big Thing quartz veins between 1906 and 1920.

From the mid-1920's to the late 1960's, little exploration of significance took place. By 1970, many of the old showings were re-staked as an increase in the value of base and precious metals rekindled the interest of mining companies and prospectors. The Venus and Arctic mines operated on Montana Mountain between 1969 and 1971. The Venus Mine was briefly rehabilitated during 1980-1981 and a new mill was installed at the southern end of Windy Arm.

In 1981, Agip Canada Ltd. discovered a gold bearing vein structure on Mount Skukum and proceeded to define a commercially viable ore body consisting of 165,000 tons grading 0.73 oz gold and 0.63 oz silver per ton by 1984. Mount Skukum Gold Mines Ltd., through a joint venture agreement with Agip, has developed the ore body and constructed a 300 ton-per-day mill. Production commenced in March 1986.

The discovery of gold on Mount Skukum has intensified exploration activities in the Wheaton district and initiated a methodical staking rush in which all of the known showings and most of the surrounding area has been staked. Presently, large claim blocks are held by Agip Canada Ltd., United Keno Hill Mines, Omni Resources Inc., Tally-Ho Exploration Ltd., Shakwak Exploration Co. Ltd., Island Mining and Exploration Ltd., Kerr Addison Mines Ltd., Berglynn Resources Inc., Carmac Resources Ltd. and Noranda Exploration Co. Ltd.

RECENT EXPLORATION

In July and August 1983, Tally-Ho Exploration Ltd. staked the TALLY HO claims and initiated exploration over the property late in the season. Prospecting and soil geochemistry outlined a highly anomalous silver zone with float rock samples returning silver values of up to 155 ounces per ton.

During the 1985 field season, Tally-Ho expanded the soil geochemical grid over the area containing silver values in soil and float samples. A total of 560 soil samples were collected at 10 meter intervals along lines run off the existing baseline at 50 meter centers. An Ag anomaly trending northerly was outlined over a length of 850 meters. This anomalous silver zone was the target for the 1985 drill program.

PROPERTY GEOLOGY

Tally Ho Mountain is primarily underlain by Triassic Lewes River Group sedimentary rocks and Cretaceous granodiorite of the Coast Plutonic Complex. Coarse grained grey-white granodiorite outcrops on Tally Ho Mountain below

the 1450 meter elevation. Sedimentary rocks consisting of limestone, argillaceous siltstone and occasionally quartzite overlie and flank the granodiorite. Tertiary rhyolite and dacite dykes of the Skukum Group locally intrude the Mesozoic and Paleozoic rocks.

Structurally, the area features a series of steep isoclinal folds with a general north-south axial plane. A weak schistosity is present in most of the sedimentary rocks, striking in a northerly direction. Regional metamorphism is of lower greenschist facies.

ROTARY PERCUSSION DRILLING

In November 1985, a track-mounted Schramm T64 rotary percussion drill owned by Caron Diamond Drilling was driven onto the upland surface of Tally Ho Mountain to test the anomalous silver zone. A D7 cat preceded the drill up Tally Ho Mountain to plow the access road and to build six drill pads. Six drill holes were completed from the pads with the drill boom at -60°. Figure 3 shows the drill sites relative to the geochemical grid.

The mobilization and operation of the drill project involved the maintenance of a tent and trailer camp on the Wheaton River and the upkeep of approximately 15 km of four-wheel-drive road through severe temperatures (-40°) and high winds.

The Schramm drill utilizes the reverse circulation method of recovery, in which drill cuttings are forced up the center of a dual wall drill pipe by air pressure. Cuttings are then passed through a cyclone and bagged in five-foot intervals. The samples were shipped to Whitehorse for splitting and logging.

A representative sample was taken from each five-foot interval and sent to Bondar-Clegg and Company in Vancouver for geochemical analysis of Pb and Ag values. Table 2 contains the six drill hole logs and geochemical values.

A total of 2175 feet of rotary drilling was completed in the six holes. Hole No. 5 was lost at 220 feet due to a broken drill bit and was re-drilled with cuttings being collected on the second hole No. 5 from 220-350 feet.

TALLY-HO MOUNTAIN

Table 2

Hole #1

SAMPLE NUMBER	INTERVAL Ft.	ELEMENTS Au	Ag	Pb	SAMPLE WEIGHT	SAMPLE DESCRIPTION
		PPB	PPM	PPM	LBS	
	0 - 5		0.8	18	16	0 - 25 oxidized metased and rhyolite
	5 - 10		0.7	14	21	porphyry
	10 - 15		0.4	8	35	
	15 - 20		0.3	8	74	
	20 - 25		0.3	5	26	
	25 - 30		0.6	6	60	25 - 40 whitish limestone
	30 - 35		0.6	7	45	some metased, sericite,
	35 - 40		0.6	8	53	some quartz
	40 - 45		1.5	30	56	40 - 50 dark metased, some
	45 - 50		2.0	169	27	limestone, minor quartz, pyrite
	50 - 55		3.1	56	36	50 - 65 50% dark metased, 30%
	55 - 60		2.8	60	46	limestone, 20% quartz fragments
	60 - 65		2.8	50	76	minor sulphide in quartz, limestone.
	65 - 70		1.6	54	49	65 - 80 less quartz but
	70 - 75		1.3	10	50	similar to 50-65 feet.
	75 - 80		1.6	17	15	
	80 - 85		1.0	33	53	80 - 85 transition to limestone; sulphides
	85 - 90		1.4	97	34	85 - 90 limestone, white
	90 - 95		1.2	42	21	90 - 95 60% white, 40% grey limestone
	95 - 100		1.2	17	25	95 - 100 limestone rusty, diss. black sulph.
	100 - 105		0.9	9	45	100 - 120 white limestone, minor
	105 - 110		0.8	2	82	rusty fragments, minor pyrite in
	110 - 115		0.9	<2	77	115 - 120
	115 - 120		1.5	18	48	
	120 - 125		2.1	8	40	120 - 135 grey limestone
	125 - 130		2.3	3	26	white to bluish quartz, pyrite,
	130 - 135		2.2	6	12	black sulphide
	135 - 140		1.4	8	16	135 - 140 50% white, 50% grey
	140 - 145		1.6	8	38	limestone.
	145 - 150		0.8	9	54	

NOTES : Drill casing to 20'

TALLY-HO MOUNTAIN

HOLE #1

SAMPLE NUMBER	INTERVAL Ft.	ELEMENTS Au	Ag	Pb	SAMPLE WEIGHT	SAMPLE DESCRIPTION
		PPB	PPM	PPM	LBS	
	150 - 155		0.3	3	75	150-170' fine grained diorite.
	155 - 160		0.2	3	75	
	160 - 165		0.4	3	47	
	165 - 170		0.4	4	58	
	170 - 175		0.8	8	60	170 - 225' white limestone
	175 - 180		1.2	14	74	
	180 - 185		1.5	10	40	
	185 - 190		1.4	12	44	
	190 - 195		1.3	8	53	
	195 - 200		1.2	4	59	
	200 - 205		1.2	3	26	
	205 - 210		1.0	6	24	
	210 - 215		1.0	11	82	
	215 - 220		0.8	8	65	
	220 - 225		0.9	11	63	
	225 - 230		0.5	5	56	225 - 270' grey metasediment.
	230 - 235		0.4	4	26	
	235 - 240		0.4	<2	17	
	240 - 245		0.4	<2	42	270 - 300' white quartz and limestone
	245 - 250		0.3	<2	18	
	250 - 255		0.4	<2	19	
	255 - 260		0.5	<2	17	
	260 - 265		0.4	<2	38	
	265 - 270		0.6	9	35	
	270 - 275		0.9	30	27	
	275 - 280		0.8	26	36	
	280 - 285		1.7	96	52	
	285 - 290		1.0	33	65	
	290 - 295		0.8	13	66	
	295 - 300		0.7	8	59	

NOTES :

TALLY-HO MOUNTAIN

HOLE #2

SAMPLE NUMBER	INTERVAL Ft.	ELEMENTS Au	Ag	Pb	SAMPLE WEIGHT	SAMPLE DESCRIPTION
		PPB	PPM	PPM	LBS	
	0 - 5		0.5	17	66	0 - 20 rhyolite porphyry,
	5 - 10		0.5	11	80	30% quartz fragments, some
	10 - 15		0.8	18	66	limestone fragments
	15 - 20		0.6	12	117	
	20 - 25		0.7	19	17	20 - 35 increasing % of limestone
	25 - 30		0.3	10	33	fragments, some quartz and
	30 - 35		0.5	9	35	porphyry fragments
	35 - 40		1.3	20	38	35 - 40 some limestone, black-blue quartz
	40 - 45		2.6	53	24	fragments, black sulphides? rhyolite(?)
	45 - 50		1.5	39	28	45 - 50 yellowish white limestone
	50 - 55		3.2	200	44	
	55 - 60		1.4	51	55	55 - 70 light limestone & blue-black
	60 - 65		1.0	52	29	siliceous metased
	65 - 70		1.6	110	27	
	70 - 75		1.6	52	55	70 - 85 60% light limestone, 40% dark
	75 - 80		1.3	48	70	metased, silicified.
	80 - 85		1.6	112	44	
	85 - 90		1.9	61	20	85 - 100 more limestone, some blue-grey
	90 - 95		2.7	55	29	quartz.
	95 - 100		2.3	57	86	
	100 - 105		2.6	53	60	100 - 120 limestone, some sericite
	105 - 110		2.4	18	45	
	110 - 115		2.8	24	73	
	115 - 120		4.0	25	55	120 - 130 slightly rusty limestone
	120 - 125		2.6	36	53	with white quartz fragments.
	125 - 130		1.0	14	78	
	130 - 135		0.6	6	102	130 - 145 fine gr. diorite
	135 - 140		0.4	7	87	
	140 - 145		0.4	7	95	
	145 - 150		0.9	59	72	145 - 160 white limestone, quartz and some darker metased fragments.

NOTES : Drill casing to 20'

TALLY-HO MOUNTAIN

HOLE #2

SAMPLE NUMBER	INTERVAL Ft.	ELEMENTS Au	Ag	Pb	SAMPLE WEIGHT	SAMPLE DESCRIPTION
		PPB	PPM	PPM	LBS	
	150 - 155		0.6	71	56	
	155 - 160		0.8	14	50	160 - 180 white limestone and quartzite
	160 - 165		0.5	14	84	
	165 - 170		0.3	11	63	
	170 - 175		0.3	11	50	180 - 190 transition to grey limestone
	175 - 180		0.3	13	95	and metased
	180 - 185		0.4	24	80	
	185 - 190		0.9	204	67	190 - 210 grey limestone and metased
	190 - 195		0.4	17	70	
	195 - 200		0.4	10	48	
	200 - 205		0.4	7	82	210 - 230 white limestone
	205 - 210		0.6	11	45	
	210 - 215		0.4	8	45	
	215 - 220		0.7	19	48	
	220 - 225		0.5	9	33	
	225 - 230		0.4	10	36	230 - 235 70% grey metased, 30% white limest.
	230 - 235		0.5	10	45	235 - 250 60-80% white limestone,
	235 - 240		0.4	10	63	20-40% grey metased
	240 - 245		0.4	9	84	
	245 - 250		0.3	7	77	250 - 255 70% grey-black metased, 30% white limestone.
	250 - 255		0.4	8	65	255 - 270 80-100% white limestone,
	255 - 260		0.4	8	83	0 - 30% grey metased
	260 - 265		0.3	8	75	
	265 - 270		0.6	8	55	270 - 300 grey metased (quartz, biot. gneiss
	270 - 275		0.2	5	35	some limestone fragments
	275 - 280		0.2	4	43	
	280 - 285		0.2	5	40	
	285 - 290		<0.2	5	60	
	290 - 295		<0.2	4	50	
	295 - 300		0.2	4	65	

NOTES :

TALLY-HO MOUNTAIN

HOLE #3

SAMPLE NUMBER	INTERVAL Ft.	ELEMENTS Au	Ag	Pb	SAMPLE WEIGHT	SAMPLE DESCRIPTION
		PPB	PPM	PPM	LBS	
	0 - 5		<0.2	17	45	0 - 10 dark metased, minor quartz
	5 - 10		<0.2	10	48	
	10 - 15		0.4	19	17	10 - 20 60% limestone, 30% dark
	15 - 20		0.8	28	33	metased, 10% white quartz
	20 - 25		0.7	55	72	20 - 30 yellow to white limestone
	25 - 30		1.7	44	63	and minor quartz
	30 - 35		3.1	62	16	30 - 40 dark blue-black silicified
	35 - 40		13.0	140	58	metased and quartz
	40 - 45		5.2	150	59	40 - 60 white limestone, some
	45 - 50		5.0	188	23	darker fragments
	50 - 55		2.4	99	27	
	55 - 60		2.9	114	71	
	60 - 65		5.3	156	49	60 - 65 darker grey pitted frag. in limestone
	65 - 70		50.0	91	62	65 - 80 white limestone, some quart
	70 - 75		6.7	19	41	
	75 - 80		5.6	27	56	
	80 - 85		4.2	78	40	80 - 90 or 10% quartz with limestone
	85 - 90		4.8	102	66	
	90 - 95		2.7	114	71	90 - 115 grey limestone
	95 - 100		1.5	31	86	
	100 - 105		0.8	14	70	
	105 - 110		0.7	9	101	
	110 - 115		0.8	7	77	
	115 - 120		0.6	7	95	115 - 130 50% blue-grey limestone, 30%
	120 - 125		0.5	6	80	white limestone, 20% rusty-orange limestone
	125 - 130		1.4	10	92	
	130 - 135		1.6	13	68	130 - 140 brown fine-grained granitic
	135 - 140		1.0	11	78	rock, some white limestone
	140 - 145		0.6	7	64	140 - 150 white to blue-grey
	145 - 150		0.8	6	39	limestone, some quartz.

NOTES : Drill casing to 20'

TALLY -HO MOUNTAIN

HOLE #3

SAMPLE NUMBER	INTERVAL Ft.	ELEMENTS Au	Ag	Pb	SAMPLE WEIGHT	SAMPLE DESCRIPTION
		PPB	PPM	PPM	LBS	
	150 - 155		0.7	7	69	150- 160 blue-grey limestone, some
	155 - 160		1.2	15	88	white limestone.
	160 - 165		0.8	15	74	160 - 165 transition to grey metased, White quartz.
	165 - 170		<0.2	6	46	165 - 180 grey metased, biet. gneiss.
	170 - 175					
	175 - 180					
	180 - 185					180 - 190 fine grained grandiorite
	185 - 190					
	190 - 195					190 - 200 grey metased
	195 - 200					
	200 - 205		<0.2	6	46	200 - 230 yellow to white limestone
	205 - 210		0.4	14	42	and quartz
	210 - 215		0.4	17	46	
	215 - 220		0.6	12	54	
	220 - 225		0.3	16	65	
	225 - 230		0.2	16	42	
	230 - 235		0.2	8	73	230 - 235 70% dark grey limestone 30% yellow limestone.
	235 - 240		3.5	64	24	235 - 240 60% orange limestone, 20% dark limestone, quartz.
	240 - 245		3.0	82	13	240 - 250 70% white limestone, 20% grey
	245 - 250		1.2	32	22	metased, 10% quartzite.
	250 - 255		1.1	23	31	250 - 255 transition to grey metased
	255 - 260		0.7	15	26	255 - 350 dark grey metased, quartz-biote
	260 - 265					gneiss, some white carbonate fragments.
	265 - 270					
	270 - 275					
	275 - 280					
	280 - 285					
	285 - 290					
	290 - 295					
	295 - 300					

NOTES :

TALLY-HO MOUNTAIN

HOLE #3

SAMPLE NUMBER	INTERVAL Ft.	ELEMENTS Au	Ag	Pb	SAMPLE WEIGHT	SAMPLE DESCRIPTION
		PPB	PPM	PPM	LBS	
	300 - 305					
	305 - 310					
	310 - 315					
	315 - 320					
	320 - 325					
	325 - 330					
	330 - 335					
	335 - 340		0.2	2	53	
	340 - 345		0.4	3	46	
	345 - 350		<0.2	2	53	
	350 - 355		<0.2	4	45	350 - 385 60% white to yellow limestone,
	355 - 360		0.2	5	43	10 - 30% grey metased, some quartz
	360 - 365		0.6	18	26	fragments, some rhyolite (?)
	365 - 370		<0.2	6	65	pyrite in quartz and metased
	370 - 375		<0.2	5	34	
	375 - 380		<0.2	7	20	
	380 - 385		<0.2	7	40	
	385 - 390		<0.2	2	64	385 - 420 grey limestone
	390 - 395		<0.2	5	64	
	395 - 400		<0.2	2	42	
	400 - 405		<0.2	2	62	
	405 - 410		<0.2	<2	58	
	410 - 415		<0.2	2	52	
	415 - 420		<0.2	<2	50	
	420 - 425					
	425 - 430					
	430 - 436					
	435 - 440					
	440 - 445					
	445 - 450					

NOTES :

TALLY-HO MOUNTAIN

HOLE #4

SAMPLE NUMBER	INTERVAL Ft.	ELEMENTS Au	Ag	Pb	SAMPLE WEIGHT	SAMPLE DESCRIPTION
		PPB	PPM	PPM	LBS	
	0 - 5		0.3	16	92	0 - 165 dark grey-green metasedimentary
	5 - 10		0.2	9	104	rock, some limy sections, minor quartz
	10 - 15		0.2	2	123	and carbonate fragments
	15 - 20		<0.2	<2	127	
	20 - 25		<0.2	11	51	
	25 - 30					
	30 - 35					
	35 - 40					
	40 - 45					
	45 - 50					
	50 - 55					
	55 - 60					
	60 - 65					
	65 - 70		<0.2	<2	24	
	70 - 75		<0.2	<2	65	
	75 - 80		<0.2	<2	80	
	80 - 85		<0.2	<2	56	
	85 - 90		<0.2	4	54	
	90 - 95		<0.2	4	66	
	95 - 100		<0.2	4	44	
	100 - 105		<0.2	3	56	
	105 - 110		<0.2	2	59	
	110 - 115					
	115 - 120					
	120 - 125					
	125 - 130					
	130 - 135					
	135 - 140					
	140 - 145					
	145 - 150					

NOTES : Drill casing to 20'

TALLY-HO MOUNTAIN

HOLE #4

SAMPLE NUMBER	INTERVAL Ft.	ELEMENTS Au PPB	Ag PPM	Pb PPM	SAMPLE WEIGHT LBS	SAMPLE DESCRIPTION
	150 - 155					
	155 - 160					
	160 - 165		<0.2	2	44	
	165 - 170		<0.2	2	36	165 - 185 orange to grey limy metased
	170 - 175		<0.2	2	33	
	175 - 180		<0.2	3	45	
	180 - 185					
	185 - 190					185 - 220 grey-green metased (gneiss),
	190 - 195					white quartz-carbonate fragments.
	195 - 200					
	200 - 205					
	205 - 210					
	210 - 215					
	215 - 220		<0.2	6	57	
	220 - 225		<0.2	5	47	220 - 245 fine grained granodiorite,
	225 - 230		<0.2	2	50	few white carbonate fragments
	230 - 235		<0.2	2	44	
	235 - 240		<0.2	2	47	
	240 - 245		<0.2	2	66	
	245 - 250					245 - 275 dark grey-green metased, some
	250 - 255					white carbonate fragments.
	255 - 260					
	260 - 265					
	265 - 270					
	270 - 275					
	275 - 280					
	280 - 285					
	285 - 290					
	290 - 295					
	295 - 300					

NOTES :

TALLY-HO MOUNTAIN

HOLE #5

SAMPLE NUMBER	INTERVAL Ft.	ELEMENTS Au	Ag	Pb	SAMPLE WEIGHT	SAMPLE DESCRIPTION
		PPB	PPM	PPM	LBS	
	0 - 5		0.2	6	35	0 - 20 orange (oxidized) metased.
	5 - 10		0.2	2	51	some white quartz.
	10 - 15		<0.2	4	94	
	15 - 20		<0.2	2	102	
	20 - 25		<0.2	6	86	20 - 55 grey-green metased, some quartz,
	25 - 30		<0.2	2	70	rhyolite(?)
	30 - 35		<0.2	2	59	
	35 - 40		<0.2	3	80	
	40 - 45		<0.2	5	47	
	45 - 50		<0.2	3	106	
	50 - 55		0.3	5	77	
	55 - 60		<0.2	2	46	55 - 340 grey metased, limy sections,
	60 - 65		<0.2	<2	66	pyrite, some quartz-carbonate fragments.
	65 - 70					
	70 - 75					
	75 - 80					
	80 - 85					
	85 - 90					
	90 - 95					
	95 - 100					
	100 - 105					
	105 - 110					
	110 - 115					
	115 - 120					
	120 - 125					
	125 - 130					
	130 - 135					
	135 - 140					
	140 - 145		<0.2	<2	82	
	145 - 150		<0.2	4	75	

NOTES : Drill casing to 20'

TALLY HO MOUNTAIN

HONE #5

SAMPLE NUMBER	INTERVAL Ft.	ELEMENTS Au	Ag	Pb	SAMPLE WEIGHT	SAMPLE DESCRIPTION
		PPB	PPM	PPM	LBS	
	150 - 155		<0.2	3	50	
	155 - 160		<0.2	<2	103	
	160 - 165		<0.2	<2	77	
	165 - 170					
	170 - 175					
	175 - 180					
	180 - 185					
	185 - 190					
	190 - 195		<0.2	5	64	
	195 - 200		<0.2	2	73	
	200 - 205		<0.2	2	38	
	205 - 210		<0.2	2	63	
	210 - 215		<0.2	<2	80	
	215 - 220		<0.2	3	50	
	220 - 225		<0.2	<2	54	
	225 - 230		<0.2	<2	55	
	230 - 235					
	235 - 240					
	240 - 245					
	245 - 250					
	250 - 255		0.4	7	62	
	255 - 260		<0.2	3	32	
	260 - 265		<0.2	3	65	
	265 - 270		<0.2	2	44	
	270 - 275		<0.2	<2	82	
	275 - 280		<0.2	<2	20	
	280 - 285		<0.2	<2	64	
	285 - 290		<0.2	4	60	
	290 - 295		<0.2	2	45	
	295 - 300		<0.2	52	44	

NOTES : Drill bit sheared off rods at 220', hole re-drilled.

TALLY-HO MOUNTAIN

HOLE #5

SAMPLE NUMBER	INTERVAL Ft.	ELEMENTS Au	Ag	Pb	SAMPLE WEIGHT	SAMPLE DESCRIPTION
		PPB	PPM	PPM	LBS	
	300 - 305					
	305 - 310					
	310 - 315					
	315 - 320					
	320 - 325					
	325 - 330					
	330 - 335					
	335 - 340					
	340 - 345					340 - 350 fine grained granodiorite,
	345 - 350					quartz fragments.
	350 - 355					
	355 - 360					
	360 - 365					
	365 - 370					
	370 - 375					
	375 - 380					
	380 - 385					
	385 - 390					
	390 - 395					
	395 - 400					
	400 - 405					
	405 - 410					
	410 - 415					
	415 - 420					
	420 - 425					
	425 - 430					
	430 - 436					
	435 - 440					
	440 - 445					
	445 - 450					

NOTES :

TALLY-HO MOUNTAIN

HOLE #6

SAMPLE NUMBER	INTERVAL Ft.	ELEMENTS Au	Ag	Pb	SAMPLE WEIGHT	SAMPLE DESCRIPTION
		PPB	PPM	PPM	LBS	
	0 - 5		<0.2	7	47	0 - 20 oxidized grey-green limy metased
	5 - 10		<0.2	6	76	
	10 - 15		<0.2	2	45	
	15 - 20		0.2	3	85	
	20 - 25		<0.2	7	57	20 - 265 grey-green limy metased, same
	25 - 30		<0.2	3	30	quartz carbonate fragments, minor pyrite.
	30 - 35		<0.2	3	52	
	35 - 40		<0.2	2	57	
	40 - 45		<0.2	3	53	
	45 - 50		<0.2	3	76	
	50 - 55		<0.2	4	40	
	55 - 60		<0.2	4	65	
	60 - 65		<0.2	4	52	
	65 - 70		<0.2	<2	54	
	70 - 75		<0.2	<2	70	
	75 - 80		1.2	27	82	
	80 - 85		<0.2	<2	50	
	85 - 90		<0.2	3	73	
	90 - 95		<0.2	2	48	
	95 - 100		<0.2	2	55	
	100 - 105		<0.2	2	53	
	105 - 110		<0.2	<2	51	
	110 - 115		<0.2	<2	70	
	115 - 120		<0.2	2	60	
	120 - 125		<0.2	<2	52	
	125 - 130		<0.2	<2	60	
	130 - 135		<0.2	<2	51	
	135 - 140		<0.2	2	45	
	140 - 145		<0.2	4	41	
	145 - 150		<0.2	2	62	

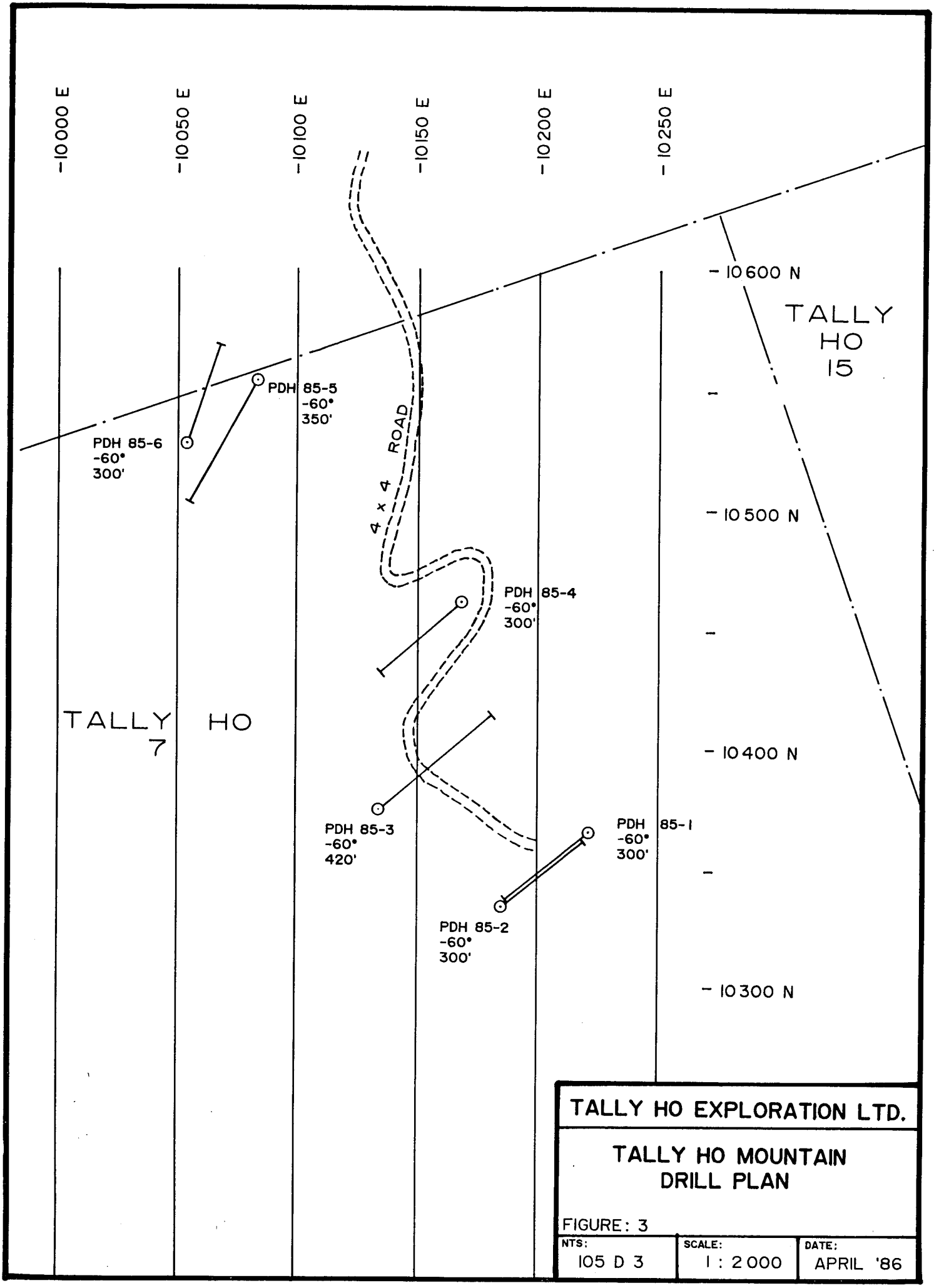
NOTES : Drill casing to 20'

TALLY HO MOUNTAIN

HOLE #6

SAMPLE NUMBER	INTERVAL Ft.	ELEMENTS Au	Ag	Pb	SAMPLE WEIGHT	SAMPLE DESCRIPTION
		PPB	PPM	PPM	LBS	
	150 - 155		<0.2	<2	62	
	155 - 160		<0.2	3	28	
	160 - 165		<0.2	<2	40	
	165 - 170		<0.2	<2	33	
	170 - 175		<0.2	<2	38	
	175 - 180		<0.2	<2	39	
	180 - 185		<0.2	6	31	
	185 - 190		<0.2	6	64	
	190 - 195		<0.2	3	75	
	195 - 200		<0.2	<2	98	
	200 - 205		<0.2	<2	78	
	205 - 210		<0.2	<2	39	
	210 - 215		<0.2	<2	58	
	215 - 220		<0.2	<2	91	
	220 - 225		<0.2	<2	52	
	225 - 230		<0.2	<2	59	
	230 - 235		<0.2	<2	45	
	235 - 240		<0.2	<2	78	
	240 - 245		<0.2	<2	45	
	245 - 250		0.3	<2	75	
	250 - 255		1.6	2	76	
	255 - 260		0.3	<2	96	
	260 - 265		0.2	<2	60	
	265 - 270		<0.2	<2	66	265 - 270 70% white limestone & quartz frag.
	270 - 275		0.8	<2	57	270 - 300 dark drey metased.
	275 - 280		<0.2	<2	72	
	280 - 285		<0.2	<2	52	
	285 - 290		<0.2	<2	64	
	290 - 295		<0.2	<2	66	
	295 - 300		<0.2	<2	90	

NOTES :



TALLY HO EXPLORATION LTD.

TALLY HO MOUNTAIN DRILL PLAN

FIGURE: 3

NTS:	SCALE:	DATE:
105 D 3	1 : 2000	APRIL '86

DISCUSSION

The drill program has outlined several zones containing anomalous silver and lead values. Drill cuttings from these zones generally contain minor sulphides and quartz fragments with limestone. Some rhyolite fragments were also noted in anomalous zones. Figures 4 and 5 show the drill hole profiles of PDH 85-1, 85-2 and 85-3.

The best five-foot intersection for silver was recorded in hole 85-3 from 65-70' (50.0 ppm). There, darker grey pitted fragments were noted amongst the white limestone chips. The following intervals contained significant silver values:

1) PDH 85-1: 40-100' and 115-145'
2) PDH 85-2: 35-125'
3) PDH 85-3: 25-100' and 235-255'

Although silver values in drill cuttings are much lower than values obtained in float samples collected in 1983, rotary drill holes 85-1, 85-2 and 85-3 have intersected the south end of the silver anomaly. Rotary drill holes 85-4, 85-5 and 85-6 missed any silver-bearing rocks - possibly due to greater than expected downslope drift of overburden.

A program of diamond drilling is recommended to accurately evaluate the central and northern sections of the silver anomaly.

REFERENCES

Bostock, H. C., 1938: Mining Industry of the Yukon, Canada Department of Mines and Resources, Geological Survey, Memoir 220 (21 pp).

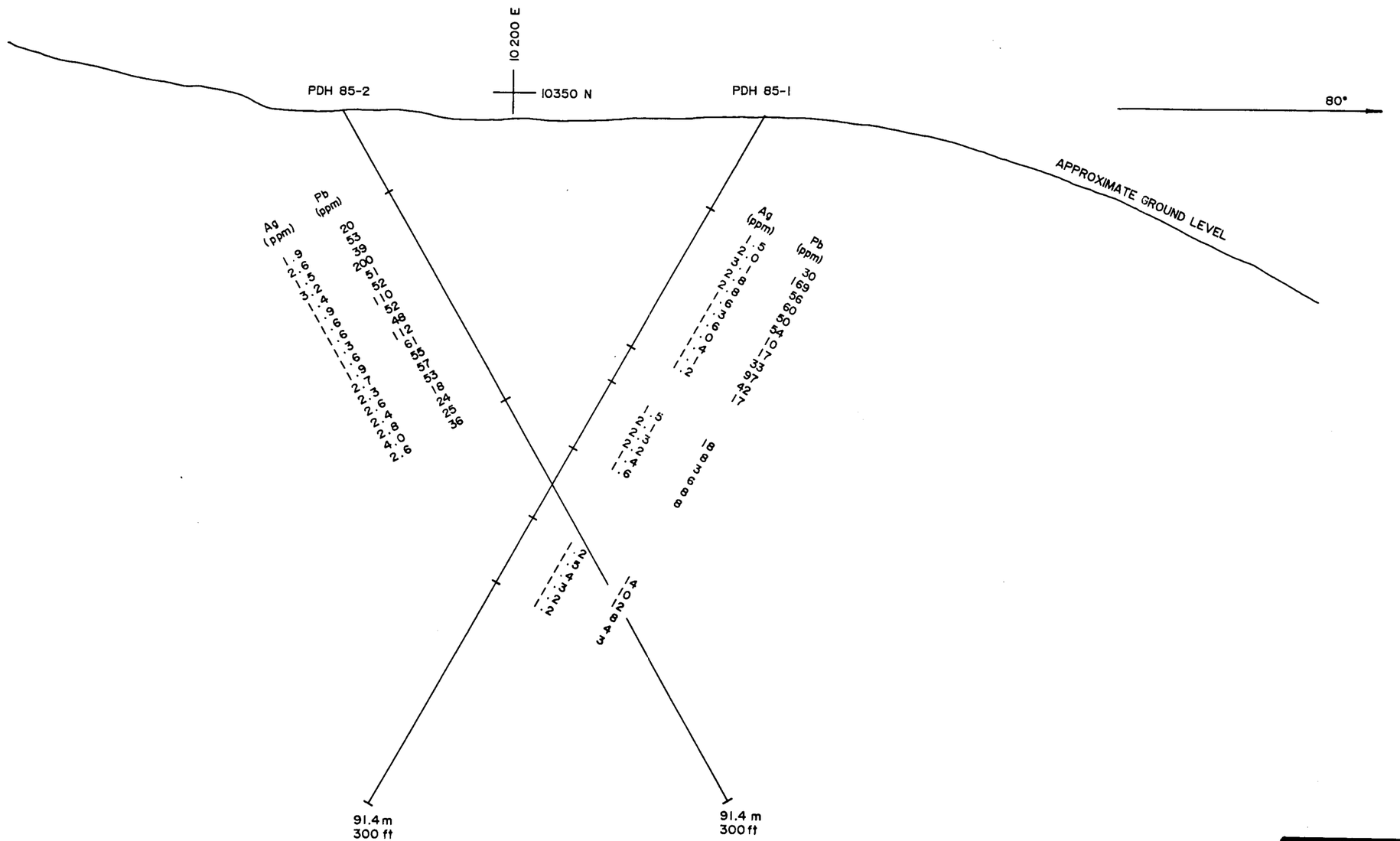
Cairnes, D. D., 1912: Wheaton District, Yukon Territory. Canada, Department of Mines, Geological Survey Branch, Memoir 31 (153 pp).

Morrison, G. W., 1979: Metallogenic Map, Whitehorse, Yukon. Open File EGS 1979-6, Northern Affairs, Whitehorse.

Pride, M. J., 1981: Petrology and Geology of High Level Rhyolite Intrusives of the Skukum Area, 105-D-SW, Yukon Territory. Yukon Exploration and Geology, 1981.

Pride, M. J., 1985: Preliminary Geological Map of Mount Skukum Volcanic Complex. Exploration and Geological Services Division, Northern Affairs, Whitehorse.

Wheeler, J. O., 1961: Whitehorse Map Area, Yukon Territory. Geological Survey of Canada, Memoir 312 (156 pp).

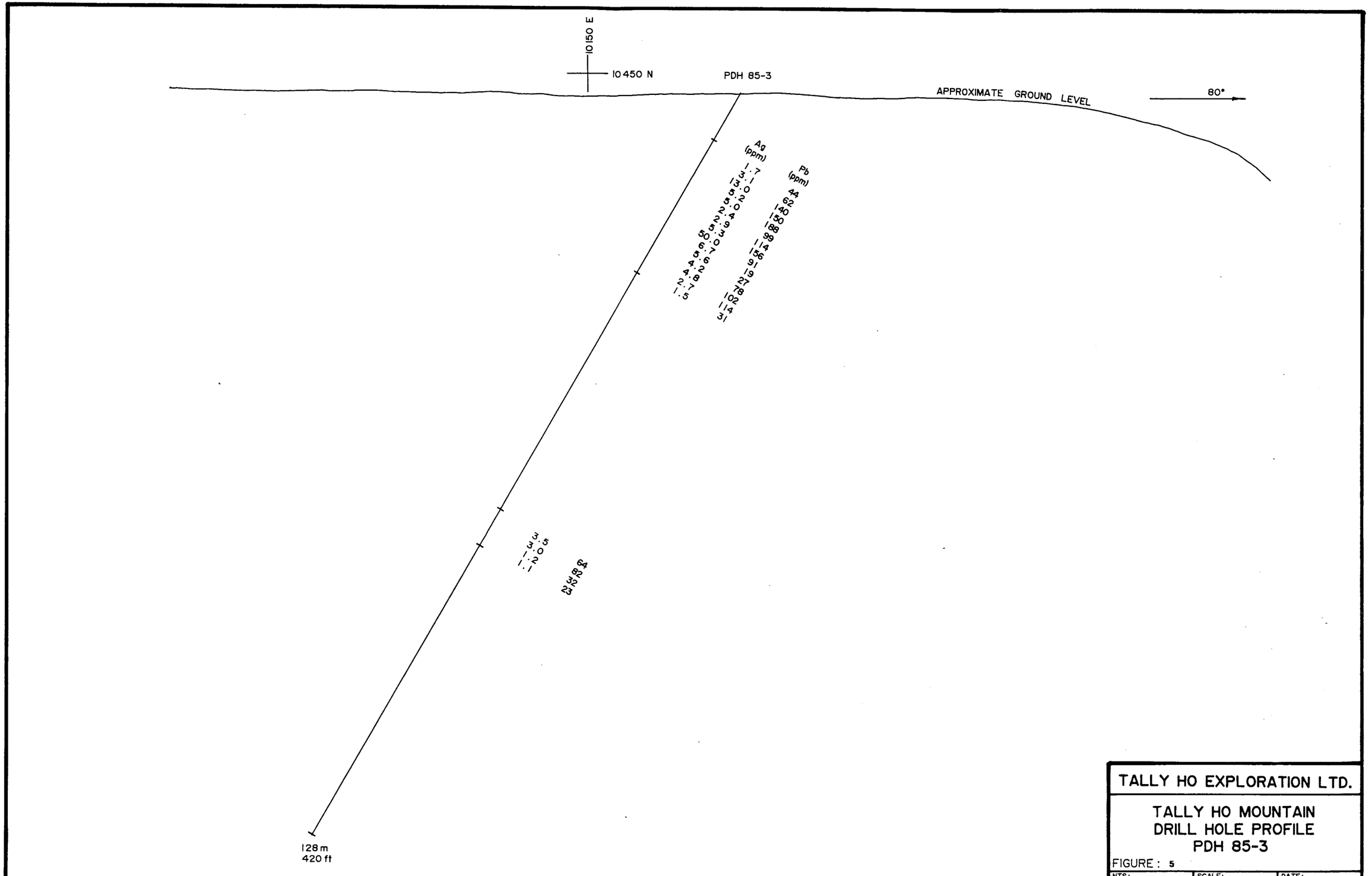


TALLY HO EXPLORATION LTD.

TALLY HO MOUNTAIN
DRILL HOLE PROFILE
PDH 85-1 & PDH 85-2

FIGURE: 4

NTS:	SCALE:	DATE:
105 D 3	1 : 500	APRIL '86



TALLY HO EXPLORATION LTD.		
TALLY HO MOUNTAIN DRILL HOLE PROFILE PDH 85-3		
FIGURE : 5		
NTS: 105 D 3	SCALE: 1 : 500	DATE: APRIL '86

ROTARY PERCUSSION DRILLING
REVERSE CIRCULATION METHOD

Reverse circulation drilling is also referred to as:

- rotary continuous sample
- double wall drilling pipe drilling systems
- dual wall drilling
- reverse circulation rotary drilling

Reverse circulation utilizes dual wall drill pipe, top drive rotation and side inlet swivel for injecting the circulation medium to be employed. Reverse circulation drilling normally utilizes air as the transfer medium for the cuttings, but water, mud or foam may also be used.

Reverse circulation means that the sample is recovered up the centre section of the drill pipe. The air or other fluid is injected in the side inlet swivel and down between the two walls of the dual wall pipe to the drill bit. The cuttings and the fluid are directed to the centre of the bit and transported to the surface at very high velocity rates through the inner annulus of the dual wall pipe. Note that the sample is in the form of cuttings or chips.

This discharge material is directed through a discharge hose to the sampling cyclone where velocity is dampened and the sample is collected in a suitable container.

Reverse circulation drilling employs dual wall pipe and a range of drill bits including down-hole hammer, tri-cone bits or open-faced bits.

Common drill pipe diameters:

- 3.5" O.D. x 1.732" I.D.
- 4.5" O.D. x 2.469" I.D.
- 5.5" O.D. x 3.250" I.D.

The I.D. of the inner pipe dictates the size and volume of the sample and is critical in the success of the system. The majority of reverse circulation drillings employs approximately 2½" I.D. pipe. The outer pipe is designed to withstand the torque and shock loads associated with rotary drilling. The inner pipe is under relatively no stress. The bit size is normally a nominal size larger than the drill pipe; therefore, the hole is cut with minimum clearance.

Since the outer drill pipe supports the hole much in the same way as a stabilizer, the circulation can continue internally and surface casing is eliminated. This accounts for one of the main features of the reverse circulation system: the ability to maintain circulation even while drilling in caving, broken or unconsolidated formations as well as low pressure zones, voids, joints, fractures and abandoned mines with open adits or worked-out slopes.

Using standard drilling techniques with the reverse circulation system, proper drilling and sampling will provide little danger of contamination by wall

erosion and, therefore, the sample comes only from the bit face, providing a representative, virtually uncontaminated sample.

Sample Collection

The cuttings travel up the inner pipe and are discharged through the top of the rotary top drive into a discharge hose. The discharge hose connects to a sample cyclone or tube. The sample can be collected under the cyclone discharge in any specified container; it can also be split utilizing several methods, including a rotary splitter, mini-cyclone or a three-time sample splitter.

APPENDIX II

STATEMENT OF COSTS

Period: 1st November to 10th December 1985

CARON DIAMOND DRILLING LTD:

6 rotary percussion drill holes: 2175' total drilling.

Drill invoice, including casing and mobilization $46,121.00

G. MACDONALD AND ASSOCIATES LIMITED

Consulting Professional Geologists
#10 - 4078 Fourth Avenue, Whitehorse, Yukon.
Y1A 4K8
Phone: (403) 668-2044

APPENDIX III

STATEMENT OF QUALIFICATIONS

I, GRAHAM DAVIDSON, of the City of Whitehorse in the Yukon Territory, HEREBY CERTIFY:

THAT I am a geologist employed by G. Macdonald and Associates Limited AND THAT I participated in the work described in this report;

THAT I am a graduate of the University of Western Ontario (H.B.Sc., Geology, 1981);

THAT I am registered as a Professional Geologist by the Association of Professional Engineers, Geologists and Geophysicists of Alberta (No.42308);

THAT I have been engaged in mineral exploration on a full-time and part-time basis for seven years, of which five have been in the Yukon and Northwest Territories.

SIGNED at Whitehorse, Yukon Territory, this 12 day of May, 1986.

G.S. Davidson, P.Geol.