

EXPLORATION INCENTIVES PROGRAM

DESIGNATION NUMBER EIP89-057

TRENCHING AND BULK SAMPLING REPORT

QUARTZ CLAIMS REEF 11-15 (YA97444-448)

QUARTZ CLAIMS REEF 16-20 (YB08092-96)

PLACER CLAIMS AGGIE 1&2 (P27594, PL8151)

YUKON TERRITORY CLAIM SHEET 115-N-2

63°04'N 140°55'W

BY KATHERINE AND IAN WARRICK

MOOSEHORN EXPLORATION PROGRAM LIMITED PARTNERSHIP

MAY 1, 1989 TO OCTOBER 16, 1989

093106

TABLE OF CONTENTS

	<u>PAGE</u>
Property Ownership	1
Report Preparation	1
History	2
The Hardrock Program	3
Hardrock Program Photos	4
The Placer Program	5
Placer Program Photos	6
Map of Area	7
Proposed Flowsheet for Pilot Mill	8
Exploration Crew	9

PROPERTY OWNERSHIP

The following properties are held in good standing by either Katherine or Ian Warrick:

- Quartz claims Reef 11-15 inclusive (YA97444-448)
- Quartz claims Reef 16-20 inclusive (YB08092-96)
- Placer claims Aggie 1&2 inclusive (P27594 and PL8151)

REPORT PREPARATION

This report was prepared in two days by the General Partner and Operator of the 1989 season Moosehorn Exploration Program (as follows):

Katherine and Ian Warrick,
Box 4707,
Whitehorse, Yukon
Y1A 3V7

HISTORY

In 1974, high assays of gold in grab samples obtained by M. Kenyon on the summit of the Moosehorn Range resulted in the staking of the 58 LORI claims. Claymore Resources purchased the claims from Kenyon, and conducted an exploration program during the summer of 1975. There is no record of previous staking or other work having been done on the property.

The exploration program consisted of a geo-physics program over the "M vein", a geo-chemical soil sampling program over most of the property, an eighteen hole diamond drilling program consisting of 2,050' of BQ wireline drilling, and a geological survey of the ridgetop.

The geophysical, geochemical, and diamond drilling programs failed to give any meaningful response over the subcropping M vein, although the quartz float and soils covering this vein contain large amounts of visible native gold. Because of the discouraging results, and low gold prices at the time, no further work was done, and after eight years, the assessment work ran out, and the claims were allowed to lapse.

In 1983, prospectors K. Robertson and I. Warrick discovered and staked a gold bearing quartz vein (Reef 1-4) bordering the LORI claims. When the LORI claims lapsed in 1984, the Reef claim group was extended over the newly lapsed ground (Reef 5-10).

Other subcropping quartz veins also located on the property contain high-grade gold mineralization, and have no history of previous work. During the 1986 and 1987 exploration seasons, Moosehorn Exploration conducted prospecting and bulk sampling programs (EIP 86-006 and EIP 87-001) using a portable mill and processing plant to produce blended bulk samples from the "M vein". The vein was found to contain 2,500 tons of reserve with an average grade of 2.81 oz./ton Au.

Late in the 1987 season, quartz veins containing visible gold were found in-situ in the bedrock exposed by the placer workings at the top of Kenyon Creek. These veins, along with large amounts of similar float found in the Swamp Creek placer deposit and the summit ridge vein systems, suggest a vein frequency of approximately 100 yards on an east-west line across the Moosehorn pluton. Therefore, the Reef claim group was extended to the southwest by the staking of ten additional claims (Reef 11-20) in order to cover the new discoveries.

The 1988 trenching and sampling program confirmed the existence of numerous ore structures in the Reef claim group. Because the partnership plans development of a small hardrock gold mine on the property, its trenching program was continued during the 1989 season to establish further reserves.

THE HARDROCK TRENCHING AND SAMPLING PROGRAM

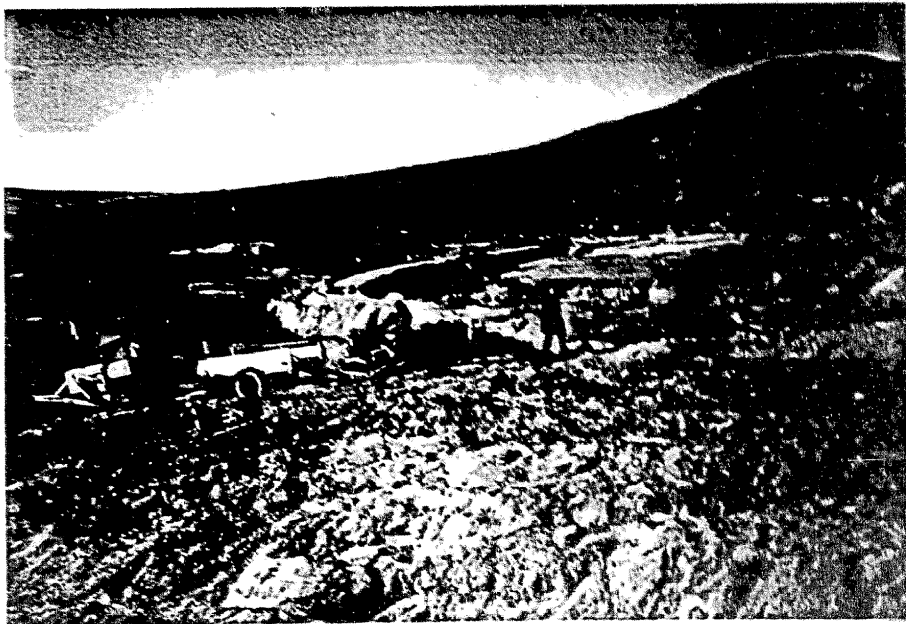
During the 1989 season, a trenching and sampling program was conducted by the Moosehorn Exploration Program Limited Partnership on the Reef quartz claims. The target area was in the vicinity of the exposed bedrock that hosts the "K veins". The alluvial placer deposit in the same area was mined by Claymore Resources in 1979. Narrow, shallowly dipping quartz veins containing complex sulphide mineralogy and visible gold occur in-situ in the extremely decomposed granodiorite pluton. These target veins generally strike north/south, parallel with a 20 meter wide propylitic alteration zone. However, local shearing and faulting has produced minor cross-veining. Higher grade ore shoots have been observed to occur in association with this shearing. The decomposed granodiorite pluton extends uphill to within 250' of the summit ridge, and from there to the summit is capped by unaltered comparatively hard granodiorite, typical of the Klotassin Batholith. The parallel mineralized veins have been observed to occur approximately 25-50 meters apart across at least a two mile wide area stretching from the summit ridge to the Alaska border to the west. Gold and associated sulphides seem to occur only in the veins located within one mile of the summit of the Moosehorn Range. The "K" quartz veins commonly exhibit open spacing with associated limonite and gold blebs.

Trenching was done by two bulldozers, one equipped with a detachable backhoe. Barren, bleached wallrock was removed to expose the highly oxidized ore. 250 kg samples were hand shovelled into 20 liter pails, and were transported to the crusher and grinding mill which had been set up nearby. Each sample was ground and loaded into marked 200 liter drums and transported across the range to the exploration camp. It was noted that 200 liters of pit-run ore produced an average of 260 liters of crushed sand (-20 mesh). Here they were individually concentrated in a jig and amalgamated. Results were recorded, and showed consistent high grades, as expected. Even with much dilution of the ore with wall rock (an attempt was made to duplicate a future mining operation), several 250 kg samples produced over 10 grams of raw gold.

Attached in this report is a flow sheet for the proposed pilot mill that the partnership intends to locate on the Reef claims.



Concentrating area where individual bulk samples from hard rock veins were processed. (counterclockwise from right: Duplex PanAm mill; Amalgamating barrel; Mercury wheel; Retort; Panning tub.)



Crushing and grinding ore samples on Reet Claims (from left: John Deere bulldozer and trailer with sample barrels; Test mill; Cat in background trenching decomposed bedrock.)

THE 1989 PLACER TRENCHING AND SAMPLING PROGRAM

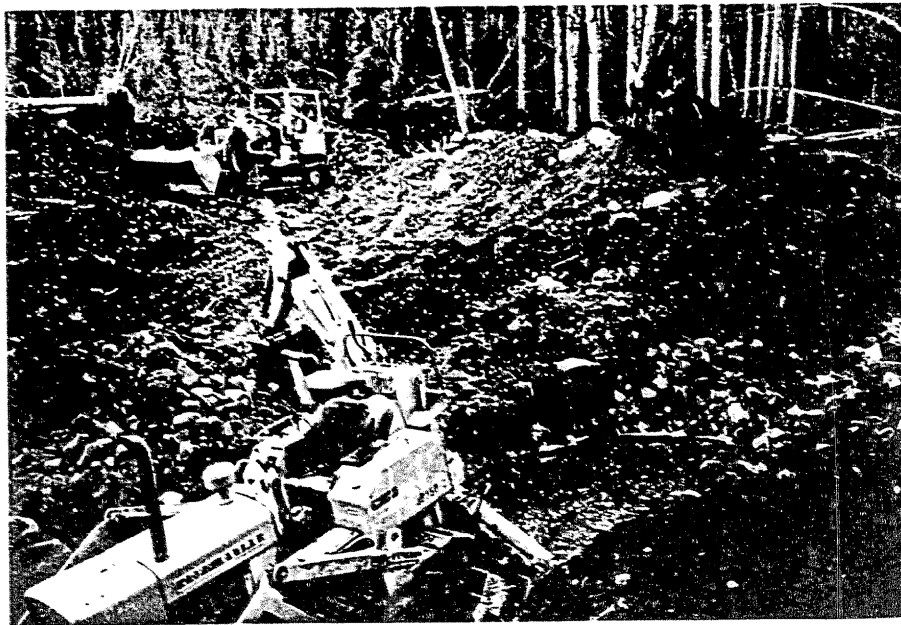
The program was targeted in the area of the partnership's Aggie claims, which are located on the northeast side of the Moosehorn Range in a creek that drains the pluton hosting the goldbearing quartz veins. The nearby Kate claims host sizeable placer ore reserves. Surface indications on Aggie Creek have indicated the potential for the existence of additional placer reserves.

The trenching program was started by stripping the vegetation (sphagnum moss and spruce) off the underlying permafrost with a Cat bulldozer over a wide area. This was necessary in order to initiate thawing of the frozen layers of loess and flood gravels. A track loader and bulldozer with backhoe were used to deepen the test pit as daily thawing occurred. Cold water thawing was used extensively until near the end of the season when ice build-up due to the low temperatures required the creek to be diverted through aluminum irrigation pipe with a trash pump. At this point, a gas powered rock drill and explosives were used to break the frozen gravels. After each shot, the backhoe was brought back to the site to remove the broken ground. At the depth of 16', water began to enter the test pit through a layer of gravel, and even with the use of a dewatering pump, it was found impossible to continue using the gas drill, and the trench was abandoned.

During the spring of 1990, the partnership plans to continue deepening the test pit when the surrounding gravels are frozen enough to prevent flooding.

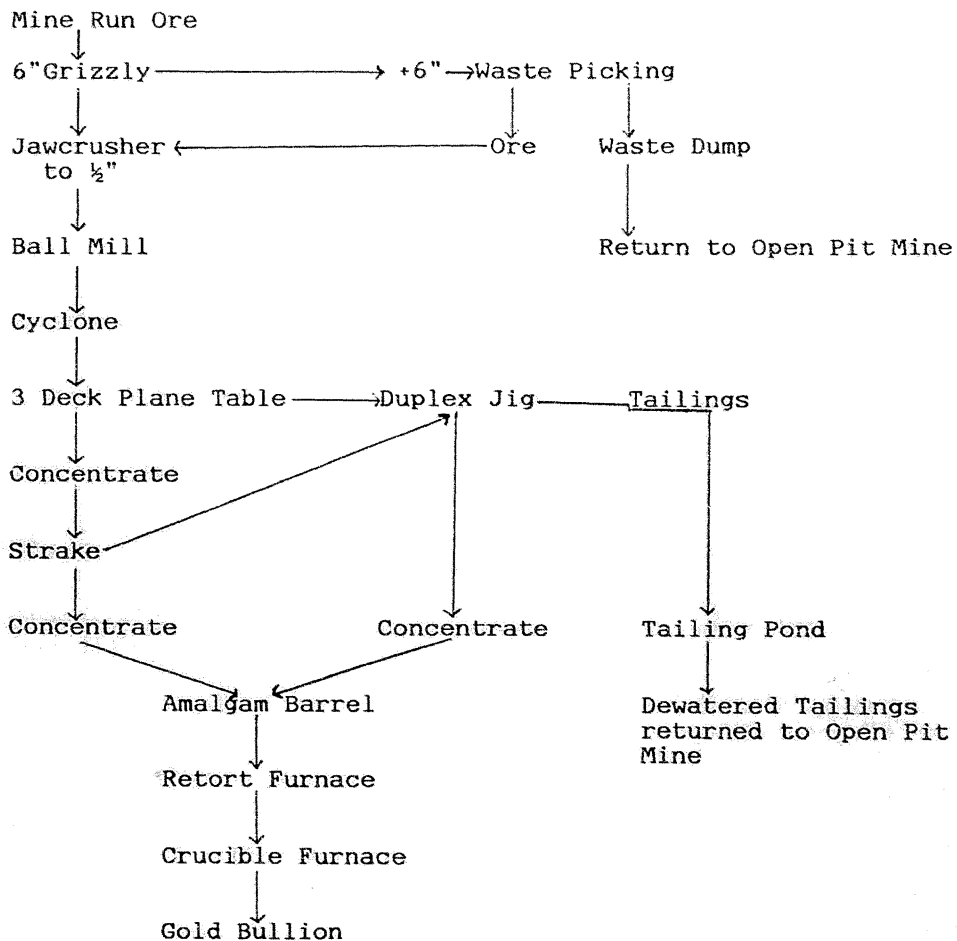


Stripping vegetation covering and insulating permafrost in placer creek.



Backhoe and loader trenching.

PROPOSED FLOWSHEET FOR PILOT MILL



EXPLORATION CREW

General Partner and Operator I. Warrick,
Box 4707,
Whitehorse, Yukon
Y1A 3V7

General Partner, Camp Cook, and
blaster's helper K. Warrick,
Box 4707,
Whitehorse, Yukon
Y1A 3V7

Heavy equipment operator L. DeNevers,
7784 McKay Ave.,
Burnaby, B.C.
V5J 3T3