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Assessment Report

Describing Line Cutting on the **Red Line claims**
(Owned 100 % by Yukon Zinc Corp.)
at

Wolverine Project

NTS 105G/08
426000N to 6809000N and 431000E to 6813000E UTM, NAD 83 – UTM Zone 9

In the Watson Lake Mining District, Yukon Territory

Prepared by:

Jelle De Bruyckere, M.Sc.

August 2008

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1. Introduction

The Wolverine volcanogenic massive sulphide (VMS) deposit is now owned 100% by Jinduicheng Molybdenum Group Ltd. and Northwest Nonferrous International Investment Company Ltd. It is located in the Yukon Territory, 190 kilometers north-northwest of the town of Watson Lake and 16 kilometers west of the Robert Campbell Highway. The deposit was discovered in 1995 by a Joint Venture between Westmin Resources Limited and Atna Resources Ltd ("Atna"). Atna staked Quartz Mining claims based upon a conceptual idea presented by Mark Baknes of Equity Engineering Ltd in 1993.

From Monday 25 February to Sunday 20 April line cutting was done by a Coureur des Bois crew, consisting of 8 to 10 men. They cut grids on the Foot, Red Line, Goalie, Toe, Jill, Cap and Lin Quartz Mining Claims for a geophysical grid in advance of a surface geophysical survey on these claims.

This report describes shortly the property, property location, accessibility, climate, physiography, geology and the line cutting work that was done in the winter/spring of 2008.

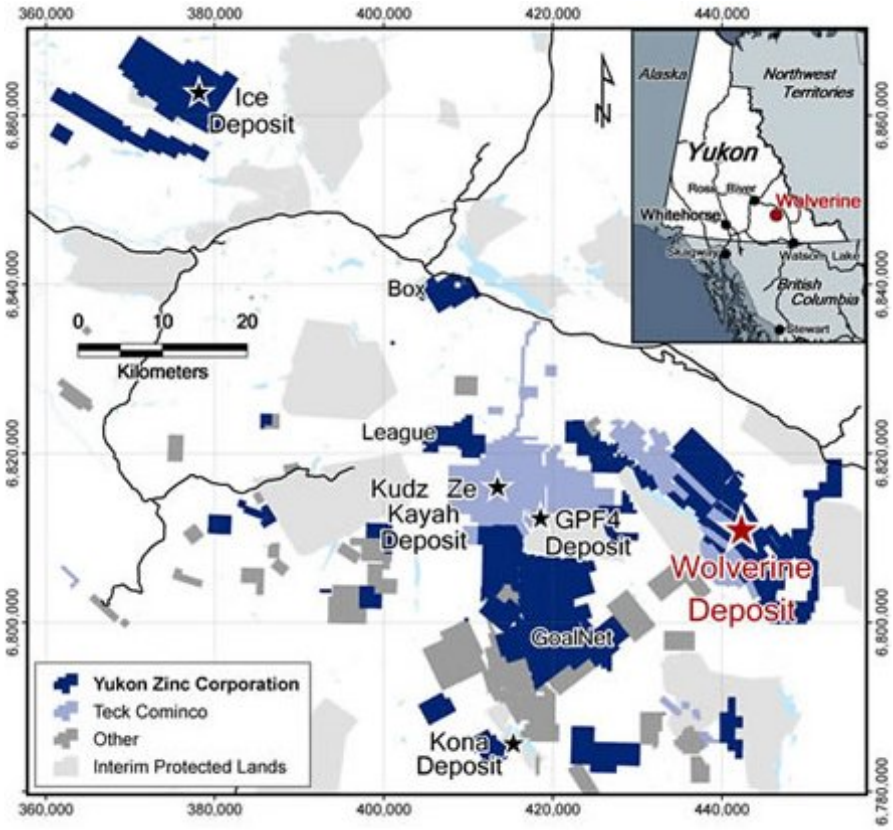

Figure 1: Location map of the Wolverine Property.

2. Property Description and Location

The Wolverine property is located 190 kilometers north-northwest of Watson Lake in south central Yukon. Figure 1 presents the location of the Wolverine property and the Wolverine project.

The Wolverine property consists of 1055 quartz mining claims located in the Watson Lake Mining District, Yukon (Figure 2). The project was 100% owned by Yukon Zinc, but its acquisition by Jinduicheng Molybdenum Group Ltd. and Northwest Nonferrous International Investment Company Ltd. has been completed in July 2008.

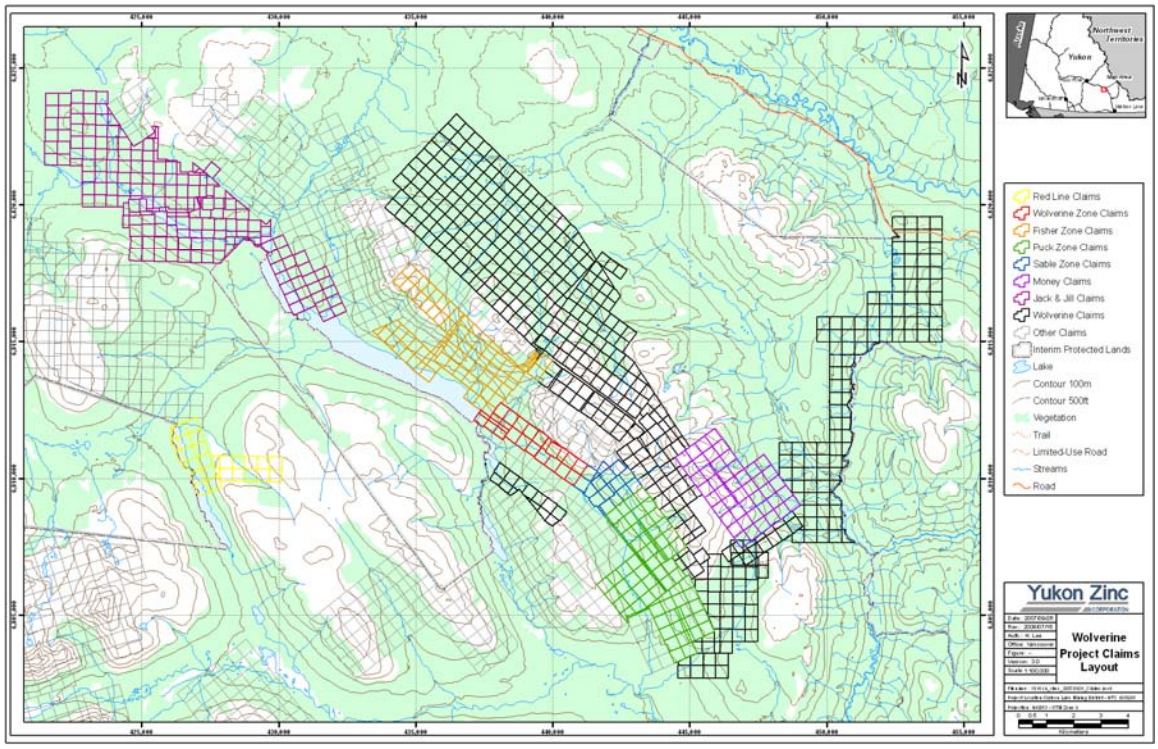

Figure 2: Wolverine Property Claims

3. Accessibility, Climate and Physiography

Currently, the property is accessed using fixed-wing aircraft, helicopter or the Wolverine access road to the Robert Campbell Highway. The access road is a 28km gravel road heading southeast and then northeast to the Robert Campbell Highway at a point approximately 198 km north of Watson Lake. The town of Watson Lake is a southern Yukon transportation hub with roads connecting to Whitehorse (441 km), the port at Skagway (615 km) and the rail head at Fort Nelson (531 km).

The climate of the area is cold and dry. Annual average precipitation is approximately 479 mm. equally divided between rain and snow. Site temperatures have been measured between 30°C and -53°C.

The topography and landscape of the area are typical of montane glacially effected areas with rounded peaks and U-shaped valleys. Higher elevation areas are generally mantled with glacial moraine deposits, colluvium and bedrock with vegetation which includes dwarf birch and willow, alpine fir, alpine grasses, sedges and lichens. Valley bottom areas contain thick glaciofluvial, glaciolacustrine and alluvial deposits with wetlands and mixed spruce boreal forests. The area around the Wolverine Project has discontinuous permafrost with poorly drained depressional areas containing peat plateaus, patterned fen and bog complexes. Scree covered slopes are most prominent along steep upper mountain slopes. Deep colluvium occurs on steeper mid to lower slopes.

Wildlife values around the Wolverine Project include the Finlayson Caribou herd, moose, bears, and various small furbearers. The Tintina Trench, a major physiographic feature of the region, is a migration route for several bird species, including the sandhill crane, trumpeter swan and Whitefronted goose. Golden eagles, bald eagles and gyrfalcons have also been observed in the Kudz Ze Kayah – Wolverine Lake area although no nesting sites are known to occur near the proposed development areas. Regional streams and lakes support populations of arctic grayling, lake trout, dolly varden char, bull trout, longnose suckers and slimey sculpin.

4. Geological Setting

4.1. Introduction

The Wolverine Deposit is a polymetallic, Volcanogenic Massive Sulphide (VMS) deposit that was discovered in 1995 by a Joint Venture between Westmin Resources Limited (“Westmin”) and Atna Resources Ltd (“Atna”). Atna staked Quartz Mining claims based upon a conceptual idea presented by Mark Baknes of Equity Engineering Ltd in 1993.

The discovery of the Wolverine Deposit followed the discovery of Kudz Ze Kayah (KZK) in 1994 by Cominco Ltd. (now “Teck Cominco”) and lead to the largest staking rush in the history of the Yukon. The Wolverine deposit is part of the Finlayson Lake District (FLD). The FLD is also known to host several other base metal deposits including Fyre Lake, GP4F and Ice (Figure 2).

4.2. Regional Geological Framework

The FLD comprises a dominant portion of the isolated outlier of Yukon-Tanana (YTT) and Slide Mountain (SMT) Terranes northeast of the Tintina Fault. The FLD also lies near the inner, eastern margin of the outlier, where pericratonic rocks of YTT and basinal oceanic rocks of Slide Mountain Terrane are juxtaposed directly against rocks of the North American continental margin along the post-Late Triassic Inconnu Thrust. The YTT and SMT in the Finlayson Lake massive sulphide district comprise variably deformed and metamorphosed lower greenschist to amphibolite facies sedimentary and volcanic rocks and affiliated plutonic suites. Although the rocks of the Terrane are

ubiquitously foliated and variably folded, regionally extensive stratigraphic units have been defined by mapping and drill core logging and protoliths have been determined from locally well preserved primary features and geochemical characteristics.

The YTT and SMT in the FLD can be subdivided into several provisionally named fault- and unconformity-bound groups and formations. According to researchers, the structurally lowermost rocks that are definitely part of the YTT are footwall to the Money Creek Thrust and include the mafic and felsic volcanic and sedimentary rocks of Upper Devonian and older Grass Lakes Group, Late Devonian to early Mississippian granitic plutonic rocks of the Grass Lakes Plutonic Suite and sedimentary and mafic and felsic volcanic rocks of the unconformably overlying lower Mississippian Wolverine Lake Group. It should be noted that the Grass Lakes Group is host to the Fyre Lake, Kudz Ze Kayah, and GP4F deposits, whereas the Wolverine Lake group hosts the Wolverine deposit.

The hanging wall of the Money Creek Thrust is composed of the metasedimentary and felsic to intermediate metavolcanic rocks of the Upper Devonian to lower Mississippian Waters Creek and Tuchitua River Formations, affiliated granitic to granodioritic, metaplutonic rocks of the Simpson Range plutonic suite, the upper Mississippian to Lower Permian Whitefish limestone and, locally, dark grey basinal clastic rocks of the basal Lower Permian Money Creek Formation. These latter rocks are overlain by rocks of an upper thrust sheet which comprises undeformed, predominantly mafic Late Devonian volcanic rocks of the Cleaver Lake Formation, spatially associated and probably co-magmatic felsic, mafic and ultramafic metaplutonic rocks and a cross-cutting early Mississippian pluton of the Simpson Range plutonic suite. Rare coarse-grained metamorphic rocks with early Mississippian metamorphic cooling ages inferred to be highly retrogressed eclogite and mélange-like dark chert, chert-pebble conglomerate, argillite, and greywacke similar to, and locally mapped as part of, the Money Creek Formation are provisionally included in the upper sheet. None of these rocks units has yielded significant accumulations of VMS mineralization.

To the north and east, the imbricated rocks of YTT are juxtaposed against rocks of SMT along the Jules Creek Fault. In this area, SMT comprises the probably Mississippian to Lower Permian Fortin Creek group, a primarily dark grey argillite and chert succession with locally important variegated chert and phyllite, quartzofeldspathic sandstone, chert-pebble conglomerate, felsic and mafic metavolcanic rocks, barite and dark grey limestone. SMT also includes pristine to weakly foliated Lower Permian basalt and chert of the Campbell Range Formation and presumably co-magmatic Early Permian mafic and ultramafic meta-plutonic rocks that lie within a ca. 20 km-wide magmatic corridor that straddles the Jules Creek Fault. As the Campbell Range Formation unconformably overlies, and the mafic and ultramafic metaplutonic rocks intrude older rocks on both sides of the fault, they link the two terranes in the Early Permian. The mafic rocks of the SMT are host to the Ice VMS deposit.

4.3. Regional Metamorphism

All the rocks in the Wolverine stratigraphy have been metamorphosed to middle to upper greenschist grade, based on the characteristic minerals chlorite, actinolite, albite, sphene, carbonate and, in places, biotite. The rocks have undergone a single recognized major deformational event, which has obliterated most primary volcanic and sedimentary textures and forms a prominent S1 foliation which trends consistently northwest and dips gently to the northeast. This fabric is a curviplanar foliation that is defined by millimeter to centimeter scale seams of fine micaceous minerals that are more widely spaced in the more siliceous units.

4.4. Deposit Geology – Wolverine Stratigraphic Sequence

The Wolverine stratigraphy is a sequence of deformed volcanic and sedimentary rocks for which various protolith rocks have been interpreted. The protolith rocks, which have been divided by Yukon Zinc Corp. into six grouped rock-type units, can be correlated across the entire stratigraphic package hosting the Wolverine deposit. However, to simplify things, the host stratigraphy for sulphide mineralization is presented in three basic, successive units: Hanging Wall, Massive Sulphide Mineralization and Footwall. These three, generalized units are described below from oldest to youngest

4.4.1. Footwall to Massive Sulphide Lens

One of the dominant units in the Wolverine stratigraphic column is the footwall rocks that are composed of volcaniclastic, carbonaceous sedimentary and porphyritic intrusive rocks. This heterogeneous unit contains the following lithologies: (1) Green to grey quartz- and feldspar- crystal bearing rhyolite volcaniclastic rock with variable amounts of interbedded carbonaceous argillite that contains abundant flattened, fine- to coarse-grained fragments of rhyolite volcanic rock. This lithology can contain up to several volume percent of 1 to 5 mm diameter, subhedral to euhedral, K-feldspar crystals and 1 to 2% rounded greyish blue quartz “eyes”, although either, or both, may be absent. The relative abundances of feldspar crystals, quartz eyes, and volcanic rock fragments vary significantly in this lithology throughout the deposit. (2) Black to grey, aphanitic to fine-grained, carbonaceous tuffaceous argillite. This rock commonly contains several volume percent grey tuff as layers or clasts and may contain up to several volume percent rounded blue quartz eyes up to 1 mm in diameter. This footwall argillite is similar to the carbonaceous argillites in the hanging wall but is distinguished from it locally by a slightly coarser grain size, lighter colour, and presence of quartz. (3) Grey, weakly foliated, K-feldspar-phyric rhyolite porphyry. Contains 5 to 10% subhedral to euhedral, 5 mm to 1 cm diameter K-feldspar phenocrysts in a
grey aphanitic siliceous groundmass. This unit only rarely contains quartz eyes.

4.4.2. Massive Sulphide Lens

The massive sulphide lens typically lies immediately above and in some cases within the felsic volcaniclastic rocks; noting that there is a gradual transition from the upper felsic volcaniclastic rocks to the underlying carbonaceous argillite. The appearance of carbonaceous argillite unit in the footwall rocks marks the base of the sequence that is host to the Wolverine deposit. The potassium feldspar-phyric porphyries occur an average distance of 20 metres below the lower limit of the massive sulphide unit and are

interpreted to be intrusions. The exact role of these intrusions with respect to the mineralizing event is unclear at the present time; however, the intrusions could be emplaced along the growth or scarp faults of the caldera The immediate host rock package to the massive sulphide mineralization ranges from 85 to 160 m in thickness and hosts up to four distinct exhalative lithologies – the upper two are most commonly magnetite-predominant exhalite, the middle is a carbonate-predominant exhalite and the lowermost is a massive sulphide lens. Their thickness ranges from less than 1 to 30 metres. The magnetite-rich exhalative rocks are laterally extensive and are part of the stratigraphy on a regional scale for up to 12 kilometres. The exhalative units are separated by mixed sequences of interbedded argillite and rhyolite volcanic rocks. Both the massive rhyolite volcanic rocks and carbonaceous argillite units have thicknesses up to 30 metres. Field observations suggest that the rhyolite volcanic rocks were emplaced as flows because of a gradation from a fine-grained base to a microlites-rich top with a breccia unit; which may be a flow breccia.

4.4.3. Hanging wall to Massive Sulphide Lens

In the hanging wall above the massive sulphide mineralization, there is a sequence of intercalated argillite, felsic volcaniclastic and volcanic rocks, as well as magnetite-carbonate-pyrite exhalative units that are referred to as iron-formations. This sequence of rocks contains the following lithologies: (1) Grey, massive to flow-banded, aphanitic to very fine-grained, aphyric rhyolite volcanic rocks. This rock is comprised of domains of aphanitic rhyolite with sub-millimeter to several centimeter-wide micaceous partings oriented parallel to the dominant SB1B foliation. The rhyolite volcanic rock domains commonly contain minute feldspar microlites. (2) Black, finely laminated, aphanitic, carbonaceous to strongly graphitic, argillite. This rock may contain several volume percent grey tuff layers or clasts. A strongly siliceous variant of this lithology contains abundant flattened and sheared veins of quartz and pyrite suggesting that the silicification may be an alteration phenomenon. (3) Grey to black, magnetite-rich exhalite (iron formation). Contains 5 to 60% disseminated to massive layered magnetite with lesser carbonate and chlorite. The layering is interpreted as primary. Magnetite is interbedded with quartz and lesser micaceous minerals on a millimeter scale. (4) Grey to white carbonate exhalite. Contains up to 90% patchy to massive carbonate (calcite > ankerite > siderite) with lesser magnetite, chlorite and pyrite. Rarely exhibits fine laminations. (5) Finely laminated, very fine-grained polymetallic massive sulphide mineralization.

One clearly identifiable lithology in the hanging wall is a felsic volcaniclastic rock unit known as ‘fragmental rhyolite’ contains the following facies variations: (1) Grey rhyolite with a distinctive fragmental texture. This texture is defined by wispy sub-millimeter dark green to black, anastamosing micaceous bands which separate centimeter-sized felsic aphanitic rock domains. Fragments are subangular to sub-rounded irregular shapes with jagged boundaries. A variant of this unit has a distinctive greenish hue and 1 to 2% disseminated magnetite which may be a weak chloritic alteration. (2) Grey to black, felsic volcanic rock with abundant (50 to 90 volume percent) siliceous lenses or clasts in a matrix of black carbonaceous argillite. The rock fragments are generally centimeter-sized, ovoid and flattened into the plane of foliation. This lithology is similar to the fragmental rhyolite described above, with the distinguishing criteria being a significantly

greater sedimentary rock component. This felsic volcaniclastic unit occurs above the "mineralized sequence" and its base is generally marked by the presence of the uppermost magnetite-bearing iron formation. Its thickness throughout the deposit is fairly constant, averaging 80 meters.

At the top of the hanging wall stratigraphy is a unit composed of intercalated carbonaceous argillite and wacke with lesser mafic and felsic volcanic rocks. This unit contains the following lithologies: 1) Green, massively fine-grained basalt with biotite and minor epidote on partings. These rocks are interpreted to be flows where massive and homogeneous, although a volcaniclastic origin is preferred where layering is prominent, and where they are interbedded with carbonaceous sedimentary rocks; 2) Interbedded black aphanitic argillite and grey to black, slightly coarser-grained greywacke. Minor interbeds of felsic volcaniclastic rocks are present, and they are similar in appearance to the fragmental rhyolite volcanic rocks. This uppermost sequence probably represents the transition from the Wolverine stratigraphy to the overlying Campbell Range basalts. The upper limit to this unit is unknown, but its thickness is at least 200 metres. The bottom of this unit is recognized by the last occurrence of green basaltic volcaniclastic rock. It should be noted that there are also intercalated carbonaceous sedimentary rocks; which are extremely thin, on the order of centimeters. Individual basalt flow units can attain thicknesses of up to 40 metres.

4.5 Hydrothermal Alteration

There are four main styles of hydrothermal alteration associated with the VMS sulphide system that formed the Wolverine deposit that occurs principally in the footwall rocks adjacent to the massive sulphide mineralization. The presence of the hydrothermal alteration beneath the massive sulphide mineralization signifies where the both structurally controlled and primary permeability and porosity of the footwall rock has been exploited by hydrothermal fluid passage. The alteration types in order of decreasing abundance are: (1) sericitization; (2) chloritization; (3) silicification; and (4) carbonatization.

5. Line Cutting: Description of undertakings on the Red Line claims

From Saturday 8 March until Thursday 13 March, 8 to 10 people from Coureur des Bois cut lines for a geophysical grid in advance of a surface geophysical survey on the Red Line claims (see 'List of the Red Line Quartz Mining Claims in this assessment report' in appendices). All claims are covered by the grid; no claims are paid in-lieu.

The Red Line claims include 28 Quartz Mining Claims. They are situated at roughly 10km west from Wolverine camp. The Coureur des Bois crew accessed the claims by helicopter.

The linecutters cut 2 baselines on the Red Line claims. Each baseline has every 300m a 4'x4' hub station which has a metal tag, flagging tape and orange spray-paint. Every 100m stands a small picket which has also a metal tag, flagging tape and orange spray-

paint. Every 25m on the baseline is marked by an orange spray-painted picket. Both baselines are 1.5m wide.

The western baseline, with a NNW-SSE direction (see map in appendices), is 2.3km long and has at every 4x4 hub station (every 300m) a crosscutting gridline. The western baseline has 9 gridlines, which vary in length between 500m and 650m. Each gridline has every 100m a picket which is marked by a metal tag, flagging tape and orange spray paint. Every 25m stands an orange spray-painted picket. The cutting of big trees on gridlines has been minimized as much as possible.

The eastern baseline, with an E-W direction, is 2.2km long and has also 9 gridlines, which are all 500m long.

A total of 14.25km of lines was cut on the Red Line Claims during a period of 6 days at a minimum cost of $34,363.00CAD (see 'Statement of Expenditures' in appendices).

6. Recommendations

The Wolverine Property should be maintained in good standing for further geological, geochemical and geophysical investigation for volcanogenic massive sulphide targets.

7. References

Pearson, C., 2006: Wolverine Mineral Property Resource Estimation

8. Appendices

See next pages.

List of the Red Line Quartz Mining Claims

Grant#	Claim	Claim#	Owner	Expiry Date	New Expiry
YB60825	Red Line	1	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB60826	Red Line	2	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB60827	Red Line	3	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB60828	Red Line	4	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB60829	Red Line	5	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB60830	Red Line	6	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB60831	Red Line	7	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB60832	Red Line	8	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB60833	Red Line	9	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB60834	Red Line	10	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB60835	Red Line	11	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB60836	Red Line	12	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70624	Red Line	13	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70625	Red Line	14	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70626	Red Line	15	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70627	Red Line	16	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70628	Red Line	17	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70629	Red Line	18	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70630	Red Line	19	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70631	Red Line	20	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70632	Red Line	21	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70633	Red Line	22	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70634	Red Line	23	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70635	Red Line	24	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70636	Red Line	25	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70637	Red Line	26	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70638	Red Line	27	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013
YB70639	Red Line	28	Yukon Zinc Corporation - 100%	3/17/2008	3/17/2013

STATEMENT OF EXPENDITURES

I, Michael Mayer, acting as agent for Yukon Zinc Corporation, #701-475 Howe Street, Vancouver, B.C. do solemnly declare that line cutting of geophysical grids carried out on the Redline claims (see attached list) between the dates of March 8th, 2008 and March 11th, 2008.

Meals & Wolverine Camp Billeting Costs for Crew	$5,580
Helicopter (Helidynamics)	$14,260
Contractor (Line Cutting) - includes mobilization costs from Whitehorse, skidoo rental, chainsaw rental, wages, expenses, and supplies	$10,055
Fuel (Jet A)	$2,768
Wages (professional)	$1,700
Material and Supplies – Expl.	
Total	$34,363.00

I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

Declared before me at Vancouver in the Province of British Columbia this 12th day of March 2008.

_____

Michael Mayer

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Statement of Qualifications

I, ***Jelle De Bruyckere***, resident of Vancouver, British Columbia, Canada, do certify that:

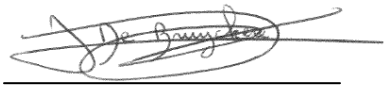
1. I graduated from Ghent University in Belgium in September 2004 with a M.Sc. in Geology;

2. From July 2005 to present, I have been actively engaged in mineral exploration in Northwest Territories and Yukon Territory and I am presently employed with Selwyn Resources Ltd.;

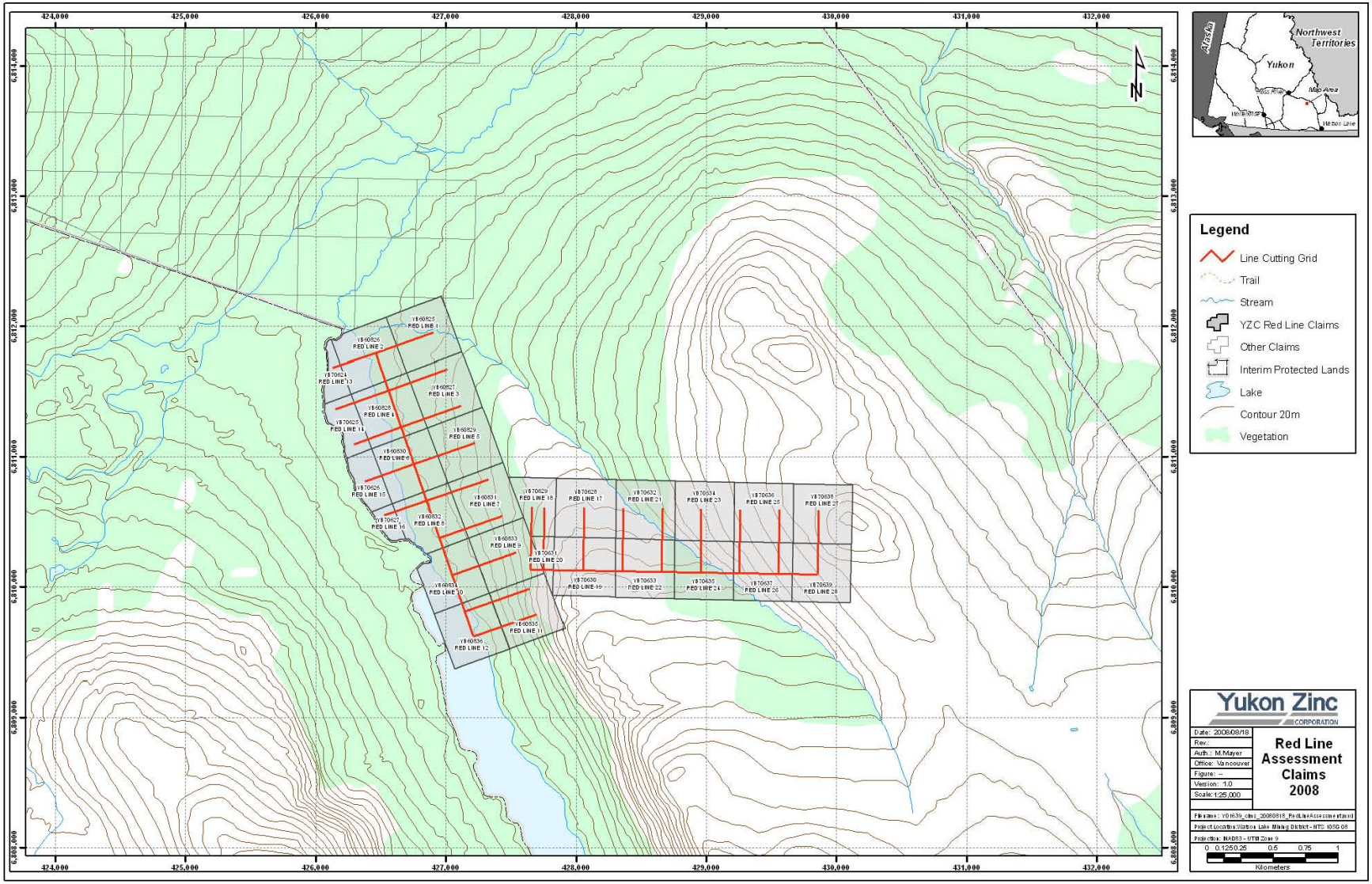
3. I have personally supervised the line cutting on the Wolverine Property, Finlayson Lake District, Yukon Territory, Canada.

Dated at Don Camp, Howard's Pass, Yukon Territory; Wednesday, August 27, 2008

Respectfully submitted,



Jelle De Bruyckere, M.Sc.
Project Geologist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Yukon
Mayo Area
Watson Lake
Legend
Line Cutting Grid
Trail
Stream
YZC Red Line Claims
Other Claims
Interim Protected Lands
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Vegetation
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Red Line Assessment Claims 2008
Project Location: Watson Lake Mining District - NTS 105G 08
Projection: NAD83 - UTM Zone 9
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Kilometers