PROSPECTING REPORT

ON THE

WAU 1-24

YC83842-YC83865

Mineral Claims

Headwaters of the Watson River

WHITEHORSE MINING DISTRICT

YUKON TERRITORY

NTS: 105D04-105D05

LATITUDE: 60 Degrees 30 Minutes North

LONGITUDE: 135 Degrees 35 Minutes West

September 19- September 22

By

Tom Morgan

March 17, 2011

095422

TABLE OF CONTENTS

SUMMARY

The WAU claims cover geochemically anomalous sample sites at the headwaters of the Watson River, 8km North West of Mount Skookum mine site in the southern Yukon. The property is underlain by Yukon Group metasedimentary schists and gneises which are intruded by Cretaceous granitic rocks. These units are intruded and overlain by Eocene Skukum Group volcanic rocks. This environment has produced numerous Au anomalies along a NW trend across the present claim group. The preliminary exploration was performed by T. Morgan with traverses and rock samples to identify the sources of the anomalous soil samples from past geochemical surveys. Surface sampling in the short property visit failed to identify any strong anomalies which was hampered by snow and inclement weather in very steep topography. More intense sampling in the anomalous areas and redoing the old anomalous soil sample sites earlier in the season is recommended, as a future program.

LOCATION and ACCESS

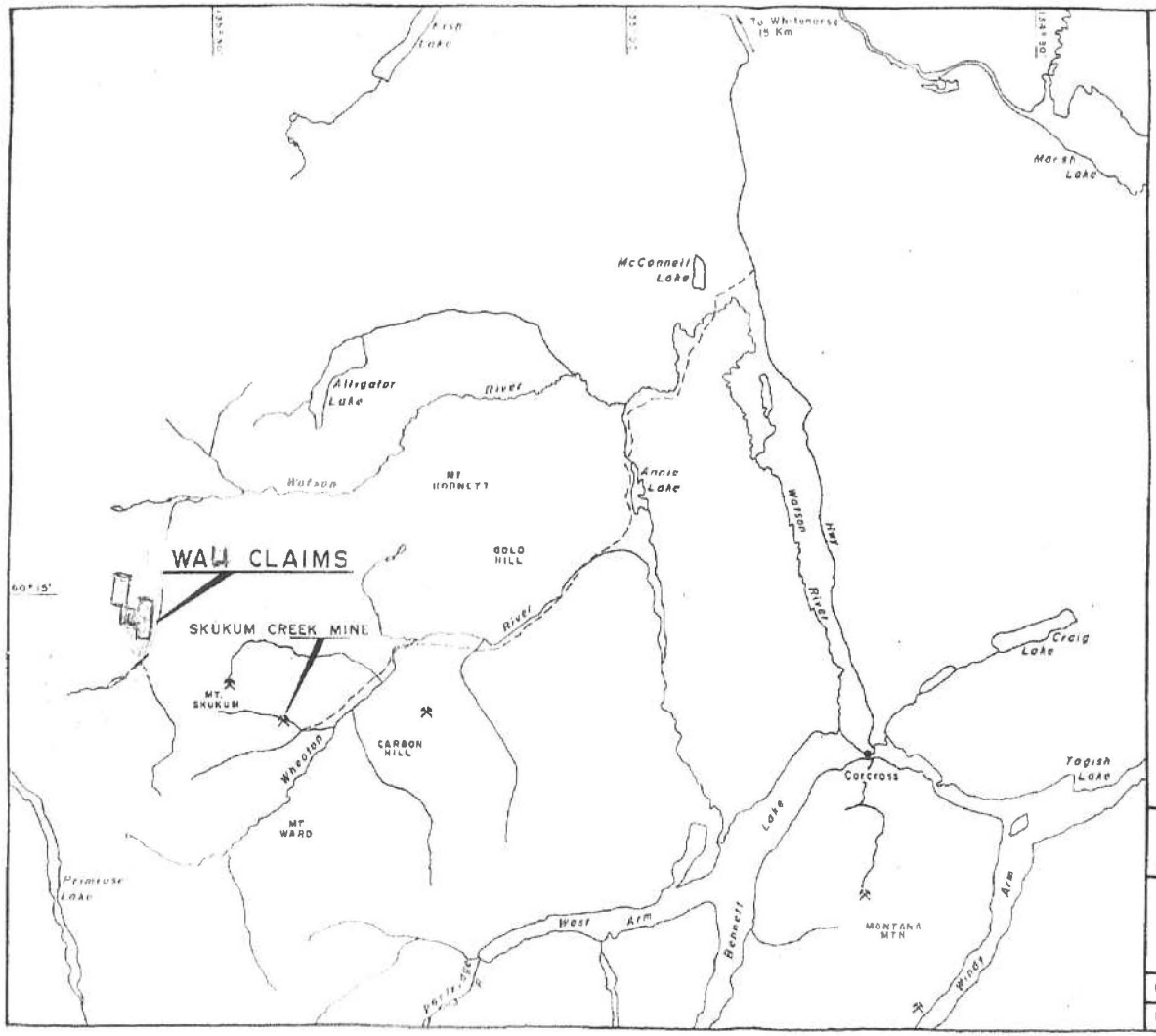
The claim block is located at the head of the Watson River centered at Lat. 60 Degrees 14 Minutes, and Long. 135 Degrees 35 Minutes, on NTS map sheets 105D04 and 105D05 approximately 50 miles SW of Whitehorse. Access is obtained via helicopter from Whitehose. The nearest road access is 8km away at the Mount Skukum mine site via the Annie lake road.

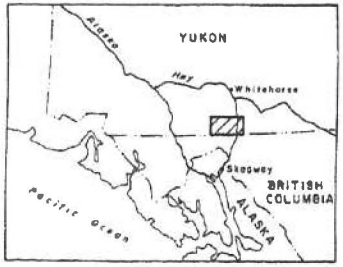
PHYSIOGRAPHY, CLIMATE, VEGETATION

The area is in high mountains up to 7300' with the valley floors at 3600' where the Watson River and the other tributaries have cut to. The valley walls are rugged with cliffs and talus fans with the high north facing mountain circs having snowfields and small glaciers. Moderate precipitation in the area of 90 centimeters per year has been recorded. Winter conditions exist from late September to mid May, with snow remaining in the north facing gullies into late July. Most of the area is above treeline, around 90%, with valley bottoms having willows, poplar, spruce, and buck brush. The higher country has lichen, moss, alpine grass/flowers and the odd buck brush.

HISTORY

The first known work was in 1988 and 1989 by Skukum Gold Inc. who carried out mapping, prospecting and soil sampling. They identified a number of anomalies at this time. The GSC conducted a regional geochemical stream sediment survey in the area in 1985 where a couple creeks draining the property came back anomalous in Cu, Zn, Au, Ag, Sb, As. The only record of a possible Ag, Sb showing from earlier work was recorded by Bostock on an old government map 3km to the south. Ron Berdahl did some prospecting and geochemical work in 1994 confirming anomalous values found during Skukum Gold's work in 1988, 1989.





LOCATION MAP

SCALE 1 : 250,000

4 2 0 4 8 12 16

Km

WAU CLAIMS

WHITEHORSE MINING DIVISION – YUKON TERRITORY

LOCATION MAP

N.T.S. 105D	FIGURE No. 1
DRAWN BY: A.L.W., H.F.M., T.M.	DATE:

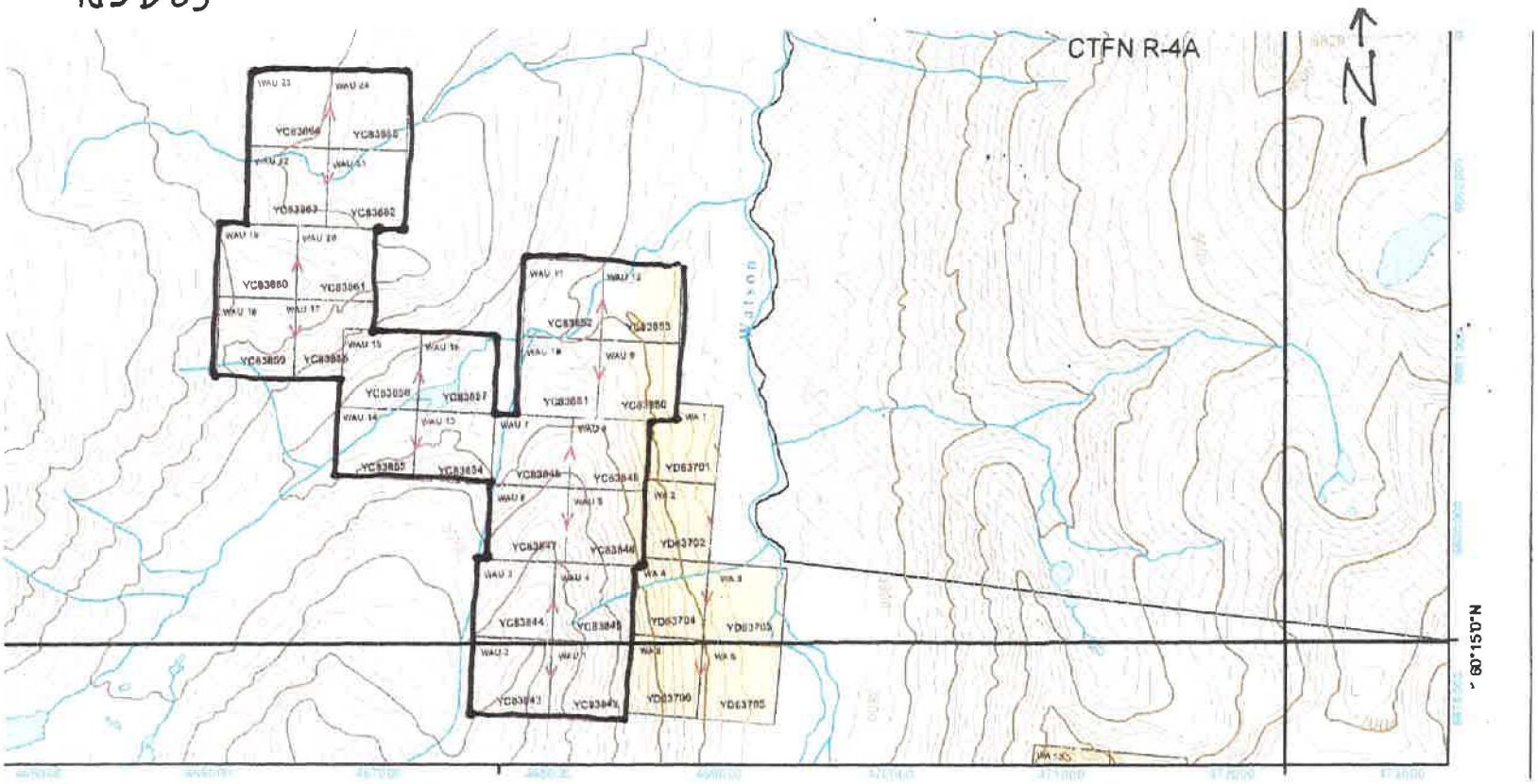
CLAIM and PROPERTY STATUS

The WAU claims consist of 24 contiguous quartz claims recorded in the Whitehorse Mining District and are owned by Tom Morgan of Box 7080 Dawson City, YT Y0B 1G0 with Grant Number and Status listed below.

District	Grant Nbr	Reg Type	Clame Name	Claim Nbr	Claim Owner	Operation Recording Date	Staking Date	Claim Expiry Date	NTS Map Nbr
Whitehorse	YC83842	Quartz	WAU	1	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83843	Quartz	WAU	2	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83844	Quartz	WAU	3	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83845	Quartz	WAU	4	Tom Morgan	18/03/2009	17/03/2009	18/03/2014	105D05
Whitehorse	YC83846	Quartz	WAU	5	Tom Morgan	18/03/2009	17/03/2009	18/03/2014	105D05
Whitehorse	YC83847	Quartz	WAU	6	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83848	Quartz	WAU	7	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83849	Quartz	WAU	8	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83850	Quartz	WAU	9	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83851	Quartz	WAU	10	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83852	Quartz	WAU	11	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83853	Quartz	WAU	12	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83854	Quartz	WAU	13	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83855	Quartz	WAU	14	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83856	Quartz	WAU	15	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83857	Quartz	WAU	16	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83858	Quartz	WAU	17	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83859	Quartz	WAU	18	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83860	Quartz	WAU	19	Tom	18/03/2009	17/03/2009	18/03/2013	105D05

					Morgan				
Whitehorse	YC83861	Quartz	WAU	20	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83862	Quartz	WAU	21	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83863	Quartz	WAU	22	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83864	Quartz	WAU	23	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05
Whitehorse	YC83865	Quartz	WAU	24	Tom Morgan	18/03/2009	17/03/2009	18/03/2013	105D05

105 D 05



CLAIM LOCATION MAP

GEOLOGY

The WAU property geology as quoted from H F MacKinnon assessment report 092809

Regional Geology

The "claims lie on the border between between the Nisling Terrane to the west and the Whitehorse Trough to the east. The Nisling Terrane is composed of rocks of the Proterozoic to Permian Yukon Crystalline Terrane and the Triassic to Tertiary Coast Plutonic Complex.

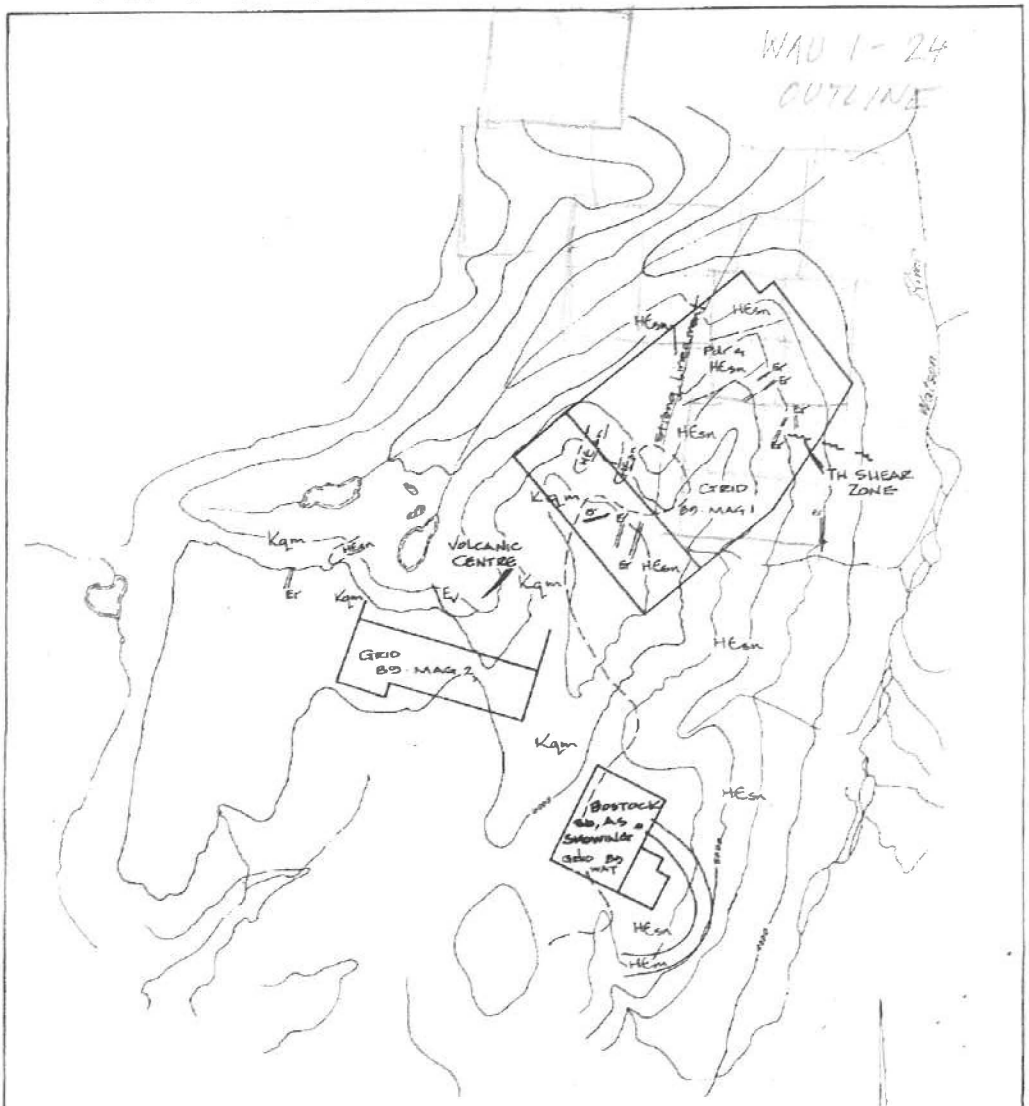
Lower Tertiary volcanics of the Skukum Group unconformably overlie and intrude the granitic rocks of the Coast Plutonic Complex and the discontinuous roof pendants of schists, gneisses, marbles and quartzites of the Yukon Group. The Skukum Group, of Eocene age, is the northernmost part of the Sloko volcanic province and outcrops in two distinct areas. The Mount Skukum Complex is the more northerly of the two complexes and consists of predominantly felsic to andesitic tuffs and flows and related epiclastics. Rhyolite dykes and stocks cross cut all the above units and are believed to be the last phase of Eocene volcanism.

Precious metal and base metal mineralized epithermal to mesothermal veins and faults occur throughout the Wheaton District. Mineralization is predominantly related to the Eocene vulcanism."

The claims "are underlain by a large roof pendant of Paleozoic or older Yukon Group hornblende diorite gneiss, marble, quartzite, quartz-feldspar-biotite-muscovite schist and gneiss exposed within Cretaceous Coast Plutonic Complex hornblende-biotite quartz monzonite and granodiorite. These rocks are intruded by Eocene volcanic breccias of the Mt. Skukum Volcanic Complex. Rhyolitic to andesitic dykes crosscut all the above units and are considered to be the latest phase of the Eocene volcanism.

The Yukon group rocks have undergone several phases of deformation and are complexely folded into a series of south lunging (?) open synforms and antiforms. Pegmatitic veins were found in these rocks but are of uncertain age. The outcrop area of volcanic breccia is extensively argillic altered and is interpreted as a volcanic center. Pervasive pyrite mineralization and minor galena and arsenopyrite are associated with this zone. Arsenopyrite and galena mineralization was found in a 2 meter wide graphitic shear zone in the TH shear zone. This zone occurs within the Yukon group metamorphic rocks."

GEOLOGY ACCORDING TO MacKINNON, 1989



LEGEND

LITHOLOGY –

EOCENE

- Ev – Skukum Group Volcanics · Including volcanic breccia
- Er – Rhyolite to andesite dykes

CRETACEOUS

- Kqm – Coast Plutonic Complex · Hornblende-biotite quartz monzonite and granodiorite

PALEOZOIC or OLDER : Yukon Group

- Pdr – Hornblende-diorite and diorite gneiss
- HEsm – Quartz-feldspar-biotite-muscovite schist and gneiss
- HEm – Marble

SYMBOLS –

- Contact
- Fault

SKUKUM GOLD INC.
MAG-WAT CLAIMS
WHITEHORSE MINING DISTRICT
SUMMARY of GRID AREA GEOLOGY

Drawn by: [illegible] Date: 1/90 Figure
NTS: 105/D4,5 Scale: 1:5,000 4

PROSPECTING PROGRAM

The initial program consisted of prospecting traverses with historical data to try and confirm anomalous samples found on past programs covered by the present WAU claim block. The program was from Sept. 19 to 22. The rock samples taken were weakly anomalous in Au but showed good background values in Cu, As, Ag, Ba. The program was cut short with weather and snow fall. The recessive linear areas related to shear structure with good soil development where past soil anomalies were, showed no highly mineralized rock from surface sampling. The decayed nature of the anomalous zones would be good for soil sampling and needs to be resampled, then trenched to determine if Au bearing rock exists at deeper depths, in these recessive areas.

WAU SAMPLE DESCRIPTIONS

WAU-R-01 Silicious pyritic filled quartzite
UTM 08V 0468219 6679546

WAU-R-02 Quartz vein in acid volcanic with goethite and disseminated sulfide in fracture fills.
UTM 08V 0468091 6680309

WAU-R-03 Rusty pyritic dark quartzite with 10% pyrite
UTM 08V 0468258 6680482

WAU-R-04 Sulfide and goethite blebs 10cm wide in quartz veins in fractured resilisified quartzite with
o open spaced calcedonic textures.
UTM 08V 0468142 6680148

WAU-R-05 Rusty quartzite with pyrite, sericite, and quartz filled fracture fills.
UTM 08V 0467803 6680038

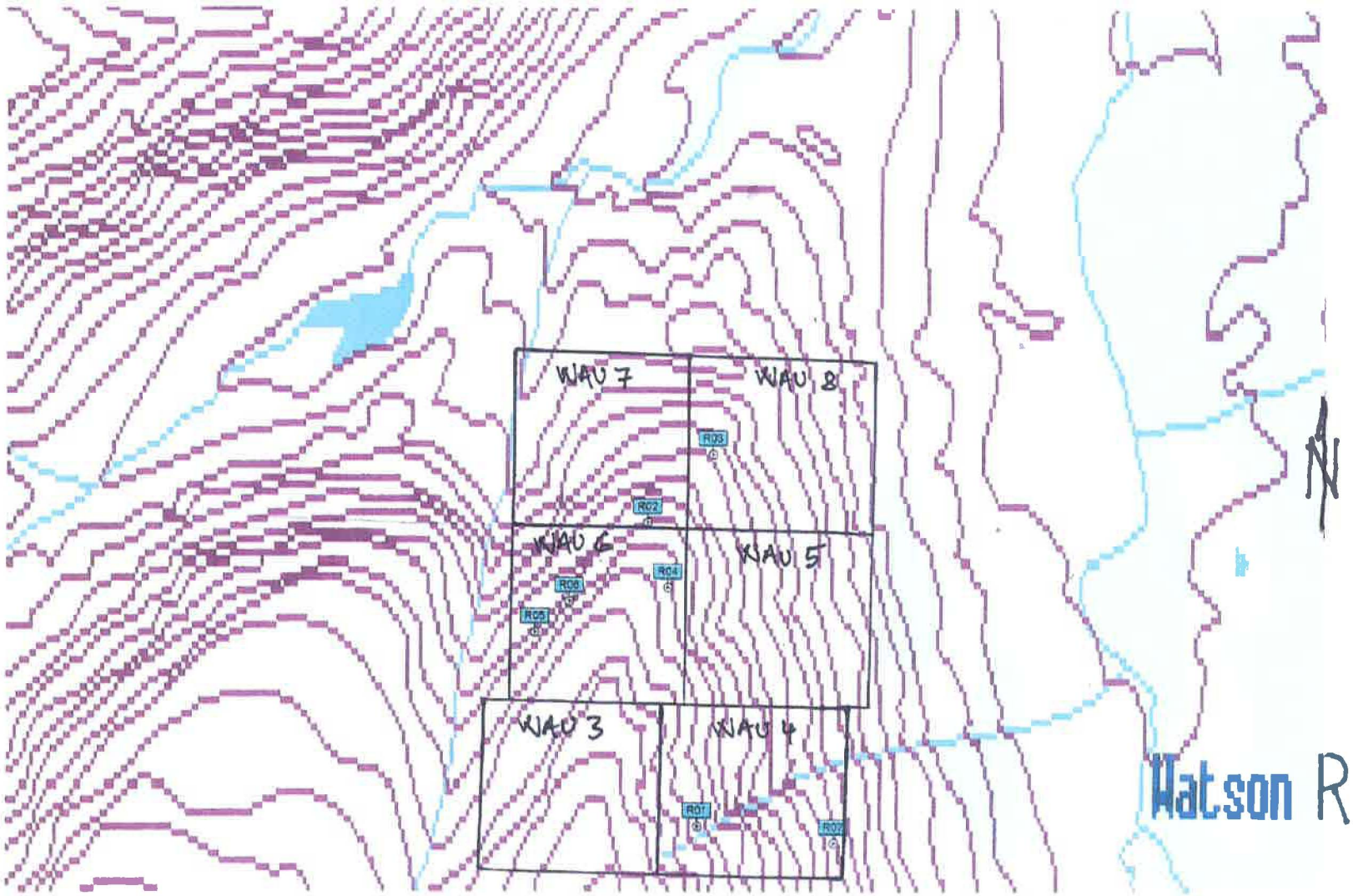
WAU-R-06 Pyritic quartz vein with yellow staining in altered quartzite.
UTM 08V 0467896 6680116

WAU-R-07 Sericitic crystalline quartz vein with black stained sulfide stringers.
UTM 08V 0468561 6679501

LIST OF ANOMALOUS SAMPLE RESULTS

Samples analysed by Chemex with Au-ICP21 and ME-ICP41 analytical technique

SAMPLE	Au	Ag	As	Ba	Cu	Zn
Description	ppm	ppm	ppm	ppm	ppm	ppm
WAU-R-01	0.011	0.4	5	50	40	175
WAU-R-02	0.001	0.3	8	140	2	187
WAU-R-03	0.014	1.2	6	140	103	115
WAU-R-04	0.005	0.6	117	90	23	60
WAU-R-05	0.005	1.3	5	200	110	91
WAU-R-06	0.005	2.5	11	140	110	151
WAU-R-07	0.003	0.2	5	30	32	52



SAMPLE LOCATION MAP WAU-R-01 to WAU-R-07

105 D 05

RECOMMENDATIONS

The preliminary prospecting visit to the present claim block showed that more soil sampling is needed to re-establish the old Au soil numbers, then trenching to determine if the soils have underlying Au anomalous rock in these recessively weathered zones. An anomalous background of Ag, Cu, Zn, Ba exists in exposed wallrock surrounding these zones from samples taken.
More work also needs to be done on the Surprise vein to the north-west and soil anomalies of this vein further to the north-west. This trend follows thought from the Skukum mine site.

STATEMENT OF EXPENDITURES

16406 Yukon Inc. rock sampling and prospecting	$
4 days prospecting @ $350/day	1400
7 rock assays	284.48
4 days camp cost @ $50/day	200
report	500
Helidynamics helicopter support	2693.25
TOTAL	**5077.73**

QUALIFICATIONS

Tom Morgan has been prospecting and performing exploration services for the last 25 years.

REFERENCES

Assessment report 092809 Geochemical report by H.F.MacKinnon for Skukum Gold Inc. on the MAG and WAT claim block, 1989

Assessment report 093292 Prospecting and Geochemical report by Ron Berdahl on Scotty claims, 1994

QW28716

Heli Dynamics Ltd.

Heli Dynamics Ltd.
Helicopter Charter Services
P.O. Box 4, Whitehorse, Yukon
Canada Y1A 5X9
Phone: (867) 668-3536 or 667-4971
Fax: (867) 668-5637
E-mail: helidynamics@northwestel.net

INVOICE No. 103741

RECEIVED MAR 15 2011

Charterer Billing Address TOM MORGAN			**Customer P.O. #**
			Flight Authorized By: Tom Morgan
Aircraft: GUDF	**Type:** B1116	**Rate/Hour** 1050.00	**Pilot:** K. COATES
Date: SEPT. 9, 2010	**Fuel:** [y] HD [ ] Customer		**Base:** WHITEHORSE

From:	To:	Time Up	Time Down	Flight Time
WHITEHORSE	WHITEHORSE			
WHITEHORSE TO NORTH WHERE OF WATSON RIVER TO WHITEHORSE		0953	1031	1.0

Fuel Costs/Litre $ 1.50		**TOTAL REV HOURS**	1.0
FUEL @ 114 **Litres/hr**			

G.S.T. Reg. No.: 102320889

SUMMARY	AMOUNT	G.S.T.	TOTAL
1.0 Hours FLYING	$1050.00	$52.50	$1102.50
Hours FUEL & OIL	$171.00	$8.55	$179.55
Expenses			
Misc.			
TOTALS			
		GRAND TOTAL	$1282.05

Payments must be made monthly on accounts, or 2% interest will be charged.

APPENDIX

Heli Dynamics Ltd.

Heli Dynamics Ltd.
Helicopter Charter Services
P.O. Box 4, Whitehorse, Yukon
Canada Y1A 5X9
Phone: (867) 668-3536 or 667-4971
Fax: (867) 668-5637
E-mail: helidynamics@northwestel.net

QW28716
INVOICE No.
09743

RECEIVED
MAR 15 2011

Charterer Billing Address: TOM MCLEAN			Customer P.O. #
			Flight Authorized by: Tom Morgan
Aircraft: GIIDF	Type: B1106	Rate/Hour: 1450.00	Pilot: P. CATES
Date: SEPT. 22, 2010	Fuel: [X] HD [ ] Customer		Base: WHITEHORSE

From:	To:	Time Up	Time Down	Flight Time
WHITEHORSE	WHITEHORSE			
WHITEHORSE TO HEADWATERS OF WATSON RIVER BACK TO WHITEHORSE		11:46	1253	1.1

Fuel Costs/Litre $ 1.50
FUEL @ 114 Litres/hr

TOTAL REV HOURS 1.1

G.S.T. Reg. No.: 102328880

SUMMARY	AMOUNT	G.S.T.	TOTAL
1.1 Hours FLYING	$1155.00	$57.75	$1212.75
Hours FUEL & OIL 171 L.	$162.00	$8.15	$170.15
Expenses			
Misc.			
TOTALS			
		GRAND TOTAL	$1382.90

Payments must be made monthly on accounts, or 2% interest will be charged.

ALS Canada Ltd.
2103 Dollarton Hwy
North Vancouver BC V7H 0A7
Phone: 604 984 0221 Fax: 604 984 0218 www.alsglobal.com

To: 16406 YUKON INC.
BAG 7080
DAWSON CITY YT Y0B 1G0

INVOICE NUMBER 2306762

BILLING INFORMATION

Certificate:	WH11093475
Sample Type:	Rock
Account:	YUKON
Date:	7-JUN-2011
Project:	
P.O. No.:	
Quote:	
Terms:	Due on Receipt C3
Comments:	

ANALYSED FOR

QUANTITY	CODE	DESCRIPTION	UNIT PRICE	TOTAL
1	BAT-01	Administration Fee	30.00	30.00
7	PREP-31	Crush, Split, Pulverize	7.10	49.70
8.82	PREP-31	Weight Charge (kg) - Crush, Split, Pulverize	0.65	5.73
7	Au-ICP21	Au 30g FA ICP-AES Finish	15.90	111.30
7	ME-ICP41	35 Element Aqua Regia ICP-AES	7.10	49.70
7	GEO-AR01	Aqua regia digestion	3.50	24.50

SUBTOTAL (CAD)	$	270.93
R100938885 GST	$	13.55
TOTAL PAYABLE (CAD)	$	284.48

To: 16406 YUKON INC.
ATTN: TOM MORGAN
BAG 7080
DAWSON CITY YT Y0B 1G0

Payment may be made by: Cheque or Bank Transfer

Beneficiary Name:	ALS Canada Ltd.
Bank:	Royal Bank of Canada
SWIFT:	ROYCCAT2
Address:	Vancouver, BC, CAN
Account:	003-00010-1001096

Please Remit Payments To :
ALS Canada Ltd.
2103 Dollarton Hwy
North Vancouver BC V7H 0A7

COPY

WH11093475 - Finalized
CLIENT : "YUKON - 16406 Yukon Inc."
# of SAMPLES : 7
DATE RECEIVED : 2011-05-26 DATE FINALIZED : 2011-06-07
PROJECT : " "
CERTIFICATE COMMENTS : ""
PO NUMBER : " "

	Au-ICP21	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41
SAMPLE	Au	Ag	Al	As	B	Ba	Be	Bi	Ca	Cd	Co	Cr
DESCRIPTIO	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm
WAU-R-01	0.011	0.4	1.33	5	<10	50	<0.5	<2	4.9	0.7	18	10
WAU-R-02	0.001	0.3	0.29	8	<10	140	<0.5	<2	0.04	0.9	1	5
WAU-R-03	0.014	1.2	2.53	6	<10	140	<0.5	<2	0.83	<0.5	18	35
WAU-R-04	0.005	0.6	0.49	117	<10	90	<0.5	<2	0.18	<0.5	1	43
WAU-R-05	0.005	1.3	1.34	5	<10	200	<0.5	<2	0.98	0.8	18	50
WAU-R-06	0.005	2.5	2.14	11	<10	140	0.8	<2	2.88	0.7	17	76
WAU-R-07	0.003	0.2	0.45	5	10	30	<0.5	<2	0.03	<0.5	2	16

ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41
Cu	Fe	Ga	Hg	K	La	Mg	Mn	Mo	Na	Ni	P	Pb
ppm	%	ppm	ppm	%	ppm	%	ppm	ppm	%	ppm	ppm	ppm
40	2.92	<10	<1	0.07	<10	0.66	406	<1	0.14	18	1000	18
2	0.43	<10	<1	0.15	<10	0.02	139	<1	0.07	<1	120	30
103	5.66	10	<1	0.23	10	1.75	562	1	0.16	26	1180	9
23	2.02	<10	<1	0.04	10	0.37	116	10	0.03	4	1250	17
110	3.56	<10	<1	0.14	10	0.52	307	2	0.12	41	1690	8
110	3.92	10	<1	0.53	20	1.17	493	3	0.16	59	3050	12
32	1.4	<10	<1	0.14	20	0.08	65	<1	0.01	4	90	8

X

ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41
S	Sb	Sc	Sr	Th	Ti	Tl	U	V	W	Zn
%	ppm	ppm	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm
0.73	<2	6	120	<20	0.37	<10	<10	66	<10	175
0.02	<2	<1	9	<20	<0.01	<10	<10	1	<10	187
1.94	<2	10	64	<20	0.23	<10	<10	129	<10	115
0.11	<2	2	12	<20	0.01	<10	<10	156	<10	60
1.73	<2	3	39	<20	0.15	<10	<10	105	<10	91
2.1	<2	11	124	<20	0.11	<10	<10	150	<10	151
0.03	<2	1	4	<20	0.01	<10	<10	9	<10	52