ASSESSMENT REPORT

describing

2010 SOIL SAMPLING, PROSPECTING AND GEOLOGICAL MAPPING

at the

CONNAUGHT PROJECT

CN 1-120	YC44099-YC44218
125-162	YC44219-YC44256
167-178	YC44257-YC44268
189-198	YC44269-YC44278
199-202	YC62938-YC62941
203-216	YC63043-TC63056
NC 1-8	YC44412-YC44419
13-32	YC44220-YC44439
MOM 1-96	YD61170-YD61265

located at
NTS 115N/15
Latitude 63°55'N; Longitude 140°48'W
Dawson Mining District
Yukon, CANADA

for
KLONDIKE SILVER CORP.
and
ATAC RESOURCES LTD.

prepared by
William D. Mann, M.Sc., P.Geo.
March 2011

Field Work Performed June 1 to August 10, 2010

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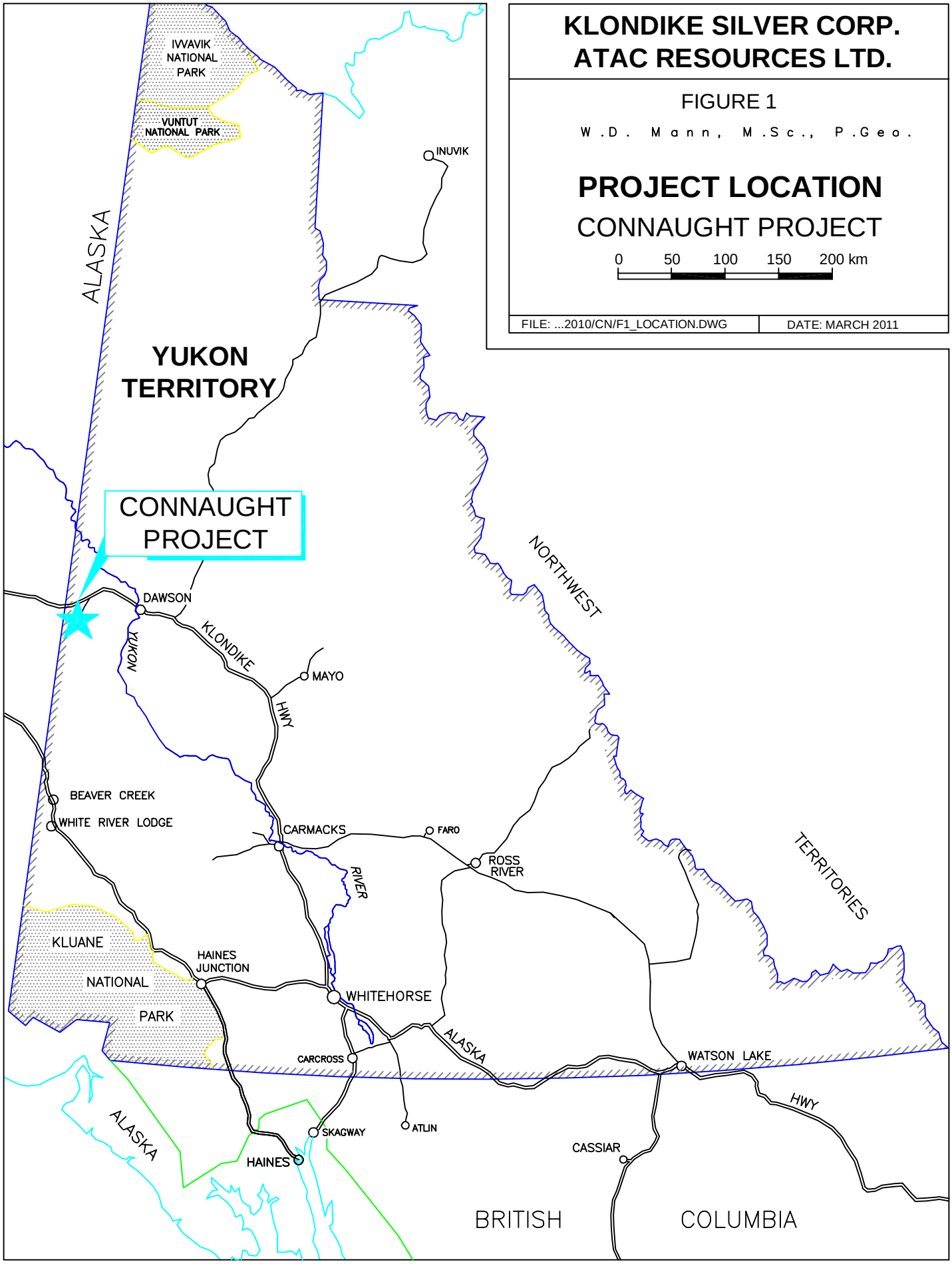
KLONDIKE SILVER CORP.
ATAC RESOURCES LTD.
FIGURE 1
W.D. Mann, M.Sc., P.Geo.
PROJECT LOCATION
CONNAUGHT PROJECT
0 50 100 150 200 km
FILE: ...2010/CN/F1_LOCATION.DWG
DATE: MARCH 2011
IVVAVIK NATIONAL PARK
VUNTUT NATIONAL PARK
INUVIK
ALASKA
YUKON TERRITORY
CONNAUGHT PROJECT
DAWSON
YUKON
KLONDIKE HWY
MAYO
NORTHWEST TERRITORIES
BEAVER CREEK
WHITE RIVER LODGE
CARMACKS
FARO
ROSS RIVER
YUKON RIVER
KLUANE NATIONAL PARK
HAINES JUNCTION
WHITEHORSE
CARCROSS
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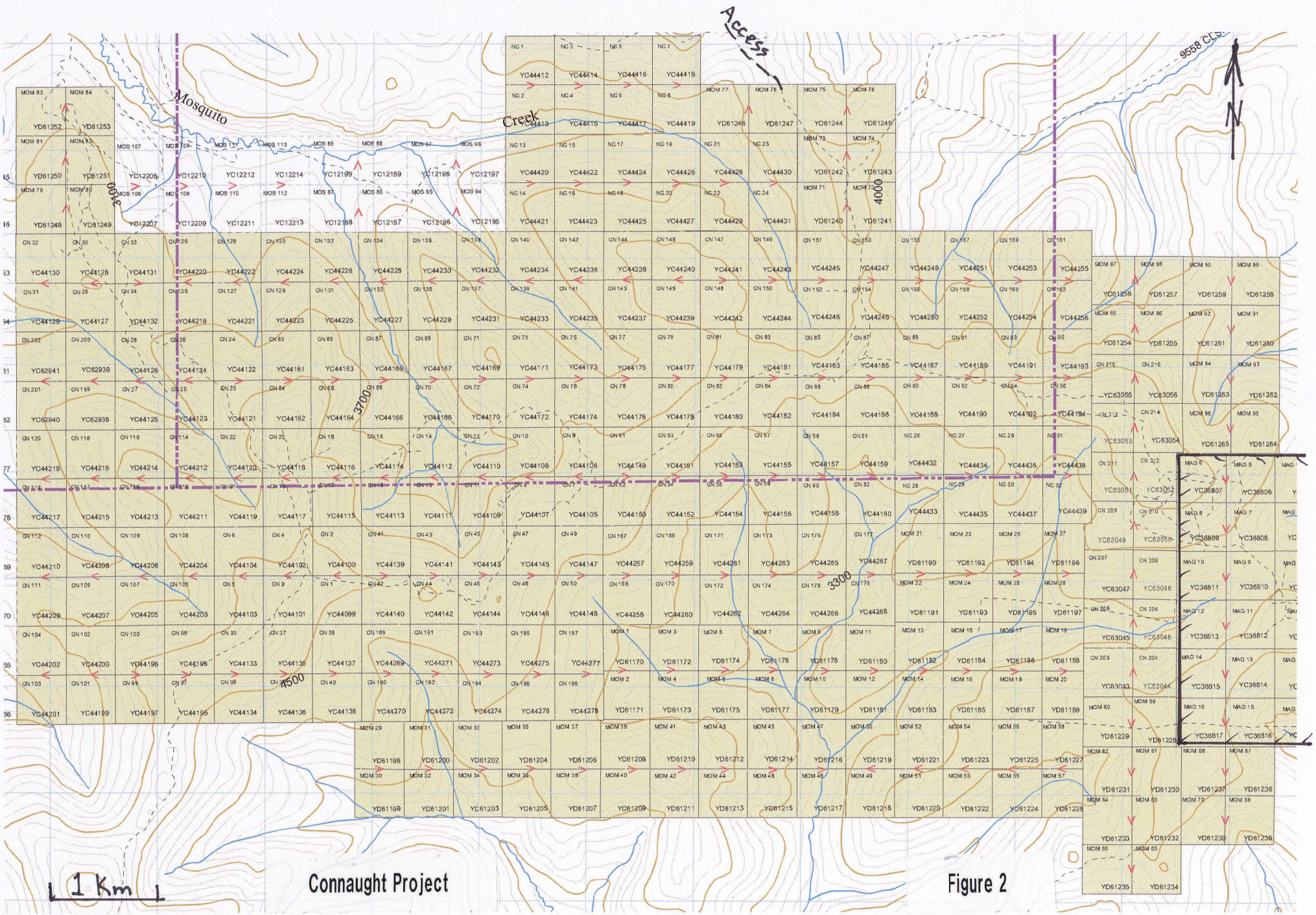

Connaught Project

Figure 2

INTRODUCTION

The Connaught project hosts an extensive system of silver-lead-gold veins located in the Sixtymile placer gold camp of western Yukon Territory. The project is comprised of 198 CN claims, 28 NC claims and 96 MOM claims which are owned by a 50-50 joint venture between ATAC Resources Ltd. and Klondike Silver Corp.

This report describes a program of soil sampling, prospecting and geological mapping performed by the author on behalf of Klondike Silver and ATAC between June 1 and August 10, 2010. The author supervised the program and participated in the work. The Statement of Qualifications appears in Appendix II. This report extracts extensively, with minor modifications from the 2008 assessment report (Eaton & Mundhenk, 2009).

PROPERTY LOCATION, CLAIM DATA AND ACCESS

The Connaught project consists of 322 contiguous mineral claims located in western Yukon at latitude 63°55' north and longitude 140°48' west on NTS map sheet 115N/15 (Figure 1). The claims are all registered with the Dawson Mining Recorder. The CN and NC claims are filed in the name of Archer Cathro, which holds them in trust for the joint venture. The MOM claims were staked in 2010 and are registered in the name of Klondike Silver Corp, which holds them in trust for the joint venture. Claim data are listed below while the locations of individual claims are shown on Figure 2.

Claim Name	Grant Number	Expiry Date*
CN 1-120	YC44099-YC44218	May 26, 2021
125-162	YC44219-YC44256	May 26, 2021
167-178	YC44257-YC44268	May 26, 2021
189-198	YC44257-YC44268	May 26, 2021
199-202	YC62938-YC62941	May 26, 2021
203-216	YC63043-YC63056	May 26, 2021
NC 1-8	YC44412-YC44419	May 26, 2021
13-32	YC44220-YC44439	May 26, 2021
MOM 1-84	YD61170- YD61253	May 31, 2016
MOM 85-96	YD61254-YD61265	June 4, 2016

* Expiry dates include 2010 work which has been filed for assessment credit but not yet accepted.

The property lies 65 km due west of Dawson City and can be reached by four wheel drive vehicle via the Sixtymile Road, which runs south from the Top of the World Highway. An extensive system of bush roads and trails exist on the property but to reach them, the Sixtymile River must be forded. During spring runoff and following major storms, this ford is sometimes impassable. The Top of the World Highway extends west from Dawson City into Alaska. It is open during summer and fall when the ferry across the Yukon River is in service. Dawson City

is situated 536 km by road north of Whitehorse, the Yukon's main supply centre, and is reached via the all-season Klondike Highway. Helicopters are based in Dawson City and were utilized once during the 2010 exploration program to return part of the crew to camp after a rain storm raised the river to a dangerous level. A semi-permanent camp consisting of six canvas wall tents on wooden frames is centrally located on the property.

PREVIOUS WORK

This section summarizes pre-2010 exploration activities in the Connaught project area. Figure 9 illustrates the locations of veins and soil geochemical grids described in the following paragraphs.

Although silver-lead-gold veins were likely found in the Sixtymile area in the late 1890s, the first reported discovery was made by J. Lerner and M. Chefkoi in 1965. Their exploration consisted of "cold extraction" soil geochemistry and prospecting, which led to claim staking. Lerner and Chefkoi optioned the claims to A. Moisey, who later transferred them to the Sixtymile Mining Company Ltd.

In 1966 and 1967, Sixtymile Mining carried out bulldozer trenching and electromagnetic (EM) surveys. The trenching uncovered substantial lenses of massive galena on the No. 1 and No. 3 veins. In summer 1966, a total of 22.7 tonnes of hand sorted material as collected from open cuts on the No. 1 and No. 3 veins, and shipped to the Cominco smelter at Trail, BC (Harper, 1967). This shipment averaged 2297 g/t Ag, 67.3% Pb and 2.1 g/t Au (Cholach, 1969).

During 1968 and 1969, the property was held under option by Connaught Mines Ltd, which completed geological mapping, geochemical sampling, 35,200 m^3 of bulldozer trenching and 431.8 m of diamond drilling in eight holes (Archer, 1969 & Cholach, 1969). The 1969 soil sampling covered much of the property - 10,542 soil samples collected on 225 claims were analyzed for Pb, Cu and Mo. This work generated new silver-lead targets and also identified strong copper response in irregular clusters away from the veins. Bulldozer trenching on the geochemical anomalies led to the discovery or delineation of more vein zones, including the No. 4, No.5 & 6, No. 7, No. 8 and No. 9. Six of the diamond drill holes tested the No. 1 Vein and the other two holes explored the No. 3 Vein. Most of the holes intersected variably mineralized vein structures (Cholach, 1969). Skarn alteration was noted in several locations, with weak mineralization. Some weakly galena bearing quartz- arsenopyrite veins were discovered by bulldozer trenching in this program, but not sampled or named.

In 1976, Connaught Mines transferred its interest to A. Tottrup, who optioned the property to J. Lerner. That summer J. Lerner extracted an additional 218 tonnes of ore from shallow pits on the No. 1 and No. 3 Veins and shipped it to the Asarco smelter in East Helena, Montana. Combined, the 1966 and 1976 shipments totalled 240.7 tonnes at an average grade of 2228.5 g/t Ag, 60% Pb and 1.0 g/t Au.

In 1979, A. Tottrup re-optioned the claims to Westley Mines Ltd. but there is no record of work by that company and the option was dropped after one year.

In 1981, J. Lerner staked sixteen additional claims. The entire claim block was then sold to Lougheed Resources Ltd., which cut trenches on the No. 1 Vein totalling 4134 m^3. These trenches were not mapped or sampled until 1982 due to an early snowstorm. The claims were held in good standing by Lougheed Resources for four years but were allowed to lapse in 1986.

In spring 1987, Walhalla Exploration Ltd. restaked the core of the property and optioned the claims to Croesus Resources Inc., which sub-optioned part of the claim block to Red Fox Minerals Ltd. and Kelan Resources Ltd. Aurum Geological Consultants Inc. was contracted to conduct an exploration program that consisted of geological mapping, geochemical sampling (2,545 samples analyzed for Au, Ag, Pb, Sb & As), geophysical surveys and bulldozer trenching (Price, 1988 and Keyser, 1988). A petrographic examination of ore specimens is included as an appendix in the Keyser report. In 1988 Kelan Resources and Croesus Resources completed 315.8 m of diamond drilling in ten (very short) holes. Three of the holes tested the No. 9 Vein, which is on claims that adjoin the Connaught project but which are owned by another party (see Figures 2 and 3). Another of the holes tested the No. 8 Vein and the other six holes explored beneath a nearby magnetite skarn. It is worth noting that two of the holes were not analyzed despite favourable geological descriptions. Also in 1988, Red Fox Minerals drilled a total of 296.4 m in eight holes on the No. 4 Vein. Results from the drilling were not considered to be encouraging and all of the claims were allowed to lapse. Gold in soil did not correlate well with any of the other elements analyzed.

In 1998, 17363 Yukon Inc. restaked the main showings and surrounding area. It conducted minor prospecting and geochemical sampling before contracting Equity Engineering Ltd. to perform geological mapping and geochemical sampling across the known veins and showings (Harris, 1998).

In 2005, R. Nordling staked the Mag claims, which cover the No. 8 vein and magnetite skarn.

In spring 2006, the CN and NC claims were staked by ATAC, which immediately optioned a 50% interest in them to Klondike Silver. A property-wide helicopter borne VTEM survey was flown that summer (Wengzynowski, 2007). The survey produced time domain electromagnetic and magnetic data over the property.

In 2007, Klondike Silver preformed prospecting, soil sampling, excavator trenching and 556 m of diamond drilling in seven holes (Wengzynowski, 2008). Soil sampling totalling 1621 samples was conducted on two grids (referred to as Grids A and B) to follow up anomalies from earlier soil geochemical surveys and from the VTEM survey. Samples from both grids yielded positive results. Trenching led to the discovery of a new vein (Stirling Vein) and the formal recognition of another, previously identified structure (Core Shack Vein). Diamond drilling confirmed down dip continuity of mineralization at the No. 1, No. 3, and No. 4 veins.

In fall 2007, ATAC and Klondike Silver optioned the Mag claims from R. Nordling. This property contains the No. 8 vein and a magnetite skarn zone.

In 2008 ATAC and Klondike Silver continued with soil sampling, excavator trenching and excavator stripping of veins. 4,000 soil samples were collected in 3 grids, and analyzed for 34 elements, but not for gold. Prospecting and excavator trenching extended some known veins and resulted in the discovery of the AC/DC, Ice, Rain and PP veins. 41 trenches were excavated on 10 targets, with only 36 reaching bedrock due to permafrost. 254 rock samples were analyzed. Parts of the No. 1, No. 7, Stirling and No. 8 (Mag) veins were stripped in preparation for bulk sampling.

In 2009 a modest program of prospecting, soil sampling and excavator stripping was undertaken by Klondike Silver on behalf of the Joint Venture (Mann, 2010). The number 1, 3, Stirling and 8 veins were stripped within existing excavations with the intention of improving access for future bulk sampling. Prospecting was conducted in areas of anomalous soils identified by 2007 and 2008 sampling. This program was successful in discovery or re-discovery of several mineralized veins not previously documented, notably the 69-3 vein and a northeasterly extension of the No. 7 vein. The Nordling option was terminated at the end of 2009.

GEOMORPHOLOGY AND VEGETATION

The Connaught project is situated in the Klondike Plateau ecoregion, part of the Boreal Cordillera ecozone (Smith, 2004). The property lies about 45 km southwest of the Tintina Trench. The area features rounded ridges and low peaks, which represent the top of an ancient peneplane that has been deeply incised by dendritic drainages (figure 3.). Continental ice sheets did not cover the area but there is evidence of localized alpine glaciation. The property is drained by creeks that flow into the Sixtymile River, part of the Yukon River watershed.

Local elevations range from about 800 m alongside the Sixtymile River to 1500 m atop a ridge near the centre of the claim block. Terrain is subdued with gentle to moderately steep hillsides flanking broad, rounded hilltops. Outcrop is rare and is mostly confined to ridge crests. In areas where drilling had been done, the rocks are typically weathered to about 30 m below surface (Cholach, 1969). Soil development is good but there has been considerable solifluction on hillsides.

Vegetation varies from mature spruce and poplar forests on the floor of the Sixtymile River valley to sparse, stunted spruce and buckbrush near ridge tops. South and west facing slopes support grasslands. The project lies within the zone of extensive discontinuous permafrost, with north and east facing slopes that are often moss covered and permanently frozen. This presents a significant obstacle to soil sampling, trenching and road construction. The southern part of the property was extensively burned by a wildfire in the summer of 2009.

Figure 3. View looking west from centre of claims. 2009 forest fire has burnt most of the southern side of the ridge. Main access road visible.

GEOLOGY

Geology in the vicinity of the Connaught project was most recently mapped at 1:50,000 scale by Mortensen (1996) and put into broader context by Gordey and Makepeace (1999). The Stewart River Area was mapped at 1:250,000 by Gordey and Ryan (2005), however no new mapping was done in the project area at that time. The Yukon Tanana Terrane has been recently examined and compiled as a whole (Colpron, 2006).

The property lies between the Tintina and Denali Faults within a part of Yukon that is mostly underlain by Yukon-Tanana Terrane. That tectonic terrane is composed of continental margin sediments, island arc volcanics and coeval intrusions, which were metamorphosed and deformed during accretion to the North American continent during Mesozoic times. In the Sixtymile district, the Yukon-Tanana Terrane is subdivided into two stratigraphic elements (the Nasina and Klondike Schist Assemblages) and a metaplutonic package (the South Fiftymile Batholith). The Yukon-Tanana units are intruded by undeformed, Late Cretaceous plugs and stocks.

The geology in the vicinity of the Connaught project can be divided into two main domains. The south-eastern domain is mostly underlain by the South Fiftymile Batholith while the north-western domain contains supracrustal rocks of the Nasina and Klondike Schist Assemblages. The major lithological units are briefly summarized in the following paragraphs.

The **Nasina Assemblage** comprises Late Devonian to Mid-Mississippian fine grained, moderately to non-carbonaceous, quartz-muscovite-chlorite schist and quartzite with locally abundant interlayered mafic schist and amphibolite. In the Sixtymile River area, some higher grade metamorphic equivalent rocks are also present including coarse grained, locally garnetiferous biotite-quartz-muscovite schist and amphibolite. Lenses of recrystallized limestone are present on the property, and extend northward towards Mt. Nolan. Recent regional compilations have considered this rock package to be a volcanic lithofacies of the **Finlayson Assemblage**.

The **Klondike Schist Assemblage** comprises a variety of Middle to Upper Permian felsic schists of volcanic affinity. Micaceous quartzite and quartz-feldspar-muscovite-biotite schist are commonly interlayered with the felsic schist. This assemblage forms a klippen that has sits atop the Nasina Assemblage.

The **South Fiftymile Batholith** is an Early Mississippian granitic orthogneiss that contains coarse potassium feldspar augen. These rocks are believed to be separated from Nasina Assemblage strata by a shallow north-easterly dipping normal fault. This unit is considered to be part of the Late Devonian to Early Mississippian **Grass Lakes Suite** (ca. 357 – 365 Ma).

A string of **Late Cretaceous Plugs and Stocks** of the **Seagull Suite** (ca. 95 – 98 Ma) intrude the Nasina Assemblage and South Fiftymile Batholith in the southern and eastern parts of the project area. These plutons consist of fine to medium grained, equigranular biotite-hornblende quartz monzonite and granodiorite. A dyke that is likely related to this suite is seen in the highwall of the No. 3 Vein pit.

The dominant foliation in the metamorphic sequences strikes 150° and dips 31° to the northeast (Cholach, 1969).

A number of large-scale, north-easterly trending normal faults are present in the region. The Sixtymile River valley bottom may mark the centre of a northeast trending graben, partially shown on Gordey & Ryan's map. Fifteen major vein structures have been identified in the vicinity of the property. These veins form two sets: one striking east-north-easterly and the other north-northeasterly.

MINERALIZATION

Connaught project area has mostly been explored as a high-grade silver- lead ± gold vein prospect modelled after the highly productive mines in the Keno Hill district, located about 250 km to the east. Some exploration has also been directed to skarn mineralization on ground now covered by the Nordling claims immediately east of the property, and porphyry copper

mineralization on adjoining claims further to the east (Lornex Capital claims). Placer gold has been mined from many creeks in the area for over 100 years. The property lies within the Tintina Gold Belt, and at the north-western end of the White Gold District.

About twenty veins are known on claims held by Connaught project (Figure 6). These vein zones are hosted by dilatent fault structures up to several metres in thickness. Individual veins have been traced for lengths in excess of 260 m and most are open in both directions along strike. Soil geochemical anomalies indicate some much longer mineralized structures. Typical vein exposures consist of multiphase quartz that is variable mineralized with blebby to massive arsenopyrite + galena ± chalcopyrite ± covellite ± stibnite ± sulphosalts. Massive galena ± anglesite lenses are intermittently exposed in the core of some veins. The galena is usually coarsely cubic and contains scattered blebs of chalcopyrite. Anglesite weathered surfaces often exhibit botryoidal textures and some show shear textures. The veins and their selvages are usually light coloured compared to the surrounding units and are often tinted green, because of oxidization of arsenopyrite to scorodite and sericitization of mafic minerals. Bleached phyllic- and argillic-altered halos extend up to six metres into adjacent wallrocks.

The No. 1, 3, 8 and Stirling veins strike 050 to 094° and dip subvertically to 070° to the south, while the No. 2, 4, 5, 6, 7 and Core Shack veins strike 020 to 038° and dip steeply toward the west or east (Harris, 1998). The AC/DC vein is anomalous in orientation, with a strike of roughly 020° and steep dip.

Historical data concerning individual veins are summarized in the following paragraphs, with details of channel samples presented in Eaton and Mundhenk (2009).

The **No. 1 Vein** has been delineated by 32 bulldozer trenches for roughly 200 m along strike (Cholach, 1969) but it is inferred to continue for an additional 1000 m based on anomalous lead-in-soil geochemistry. The surface trace is marked by a subtle linear gully that is evident intermittently along a talus covered, northwest facing slope. The host rocks are gently northeast dipping orthogneiss of the South Fiftymile Batholith with narrow layers of coarse biotite-muscovite schist. The vein strikes northeast and has a sub-vertical dip.

Mineralization is dominated by pale green- and yellow-stained, sulphosalt bearing quartz. This material is exposed in all trenches excavated across the vein and ranges in width from 30 cm to 4 m. Four semi-massive to massive galena lenses occur in the core of the vein along a 125 m strike length, with width ranging from zero to 30cm.
The largest and most continuous of the galena lenses is at the northeast end of the vein exposure, on the floor of the historical bulk sample pit. This lens is approximately 67 m long. The galena lens frequently bifurcates from a single wide band into multiple narrow stringers. In 2007, detail sampling was conducted along this lens. The best assays from this lens were 2550 g/t Ag and 10.90 g/t Au. The pit from which most of the bulk sample was collected was drained in 2009, however the high (7m +), cracked, steep pit wall overlain by loose rock was considered unsafe to work under.

The **No. 2 Vein** has been exposed for a strike length of about 90 m along a 030° trend. It exhibits steep southerly dips averaging 76°. This vein has a composition similar to the No. 1

Vein but it has stronger wallrock alteration, with a bleached halo that extends up to six metres into the footwall rocks. Much of the trenching was done in 1987, with detailed mapping and sampling (Kyser, 1988). No excavator trenching was done across this vein in recent years.

The **No. 3 Vein** is the most north-westerly vein on the property. It has been outlined by trenching for roughly 100 m along a 067° trend. It has steep southerly dips between 70 and 79°. The best mineralization is exposed at surface along a 10 m strike length where massive galena occurs with subordinate arsenopyrite and pyrite plus traces of covellite, in a multi-episodic quartz-sericite gangue. This portion of the vein is exposed in an approximately 8.5 m deep pit from which most of the historical bulk samples were taken. In 2007, the base of the pit was cleared of slough and debris exposing a five metre long massive anglesite and galena lens that is up to 1.25 m wide. The mineralization is hosted within highly fractured, bleached and rusty weathering quartzite and quartz-muscovite schist, tentatively assigned to the Klondike Schist Assemblage. A narrow intermediate dyke is exposed in the pit high wall.

A series of narrow galena-rich veinlets and stringers bifurcate from the main lens into the footwall strata. Some sulphosalt minerals are also disseminated in quartz rich wallrocks adjacent to this vein. In 2007, four channel samples were sawn at regular intervals across the thickest portion of the galena lens. The best interval from this work was 1.25m grading 2450 g/t Ag, 48.8% Pb and 0.87 g/t Au.

Prospecting approximately 90 m northeast along strike from the of the bulk sample pit discovered massive galena-anglesite and quartz-sulphosalt mineralized float alongside two old bulldozer trenches. Excavator trenches dug in 2007 into the floors of the old trenches exposed broad intervals of multi-coloured gouge but no quartz or metallic minerals. Chip samples collected along the base of the excavator trenches returned low values for silver, lead and gold. The gouge alteration could be an unmineralized portion of the vein but could also mark a thrust fault separating the Klondike Schist from the underlying Nasina Assemblage. Further trenching in 2008 was similarly unsuccessful. Excavator trenching in 2009 further stripped the vein area in preparation for bulk sampling.

The **No. 4 Vein** lies approximately two kilometres northeast of the No. 1 Vein and is exposed for 260 m along the north-western side of an alpine knoll. It is hosted by orange weathering hypidiomorphic medium-grained Cretaceous granodiorite locally interfingered with quartz-feldspar orthogneiss of the South Fiftymile batholith. The vein strikes 035° and dips steeply south, averaging 77°. It dominantly consists of multi-episodic quartz that is variably mineralized with sulphosalts. The vein is surrounded by strong clay alteration. In 1969, operators reported an “average assay” of 624 g/t Ag and 9.34% Pb across 1.22 m for a series of chip samples collected along the north-eastern-most 152.4 m long portion of the exposure (Price, 1989). These samples include peak grades of 2451 g/t Ag and 34.90% Pb across 0.73 m.

Five short excavator trenches were cut in 2007 at equal intervals along an 80 m section at the south-western end of the vein exposure. Three of those trenches tested the footwall portion of the previously defined vein, which was mostly covered by talus, and the other two were intended to explore the projected trace of the vein to the southwest. The three trenches dug into the footwall of the vein zone discovered new mineralization in a splay off the main structure. The

other trenches did not reach bedrock due to permafrost. In 2008 two of the 2007 trenches were extended, and one new trench excavated southwest of the vein trend. All of these trenches are located near a 240m long section of the vein that was stripped to bedrock, mapped and sampled in 2008. One of the best intervals from this work returned an interval of 2.10m grading 1550 g/t Ag, 10.05% Pb and 1.295 g/t Au.
Trench No. 4-TR07-20 EXT was sampled, and yielded 186 g/t Ag, 2.44% Pb and 0.115 g/t Au across 1.0 m of strongly clay altered granodiorite mineralized with disseminated sulphosalts.

The **No. 5 & 6 Veins** lie roughly on trend with the No. 1 vein, about 2km to the northeast. They are poorly exposed in old bulldozer trenches roughly 20m apart, and have not seen any recent excavator work. The 1969 map shows the No. 5 vein trending east-northeast, and the No. 6 vein trending east-southeast (Cholach, 1969). Following this trend further northeast leads to the PP vein.

The **No. 7 Vein** and the recently discovered **Stirling Vein** are located approximately three kilometres west of the No. 4 Vein. Bulldozer trenching was done prior to 2007 in both of these areas but no significant mineralization was reported. There are several mineralized veins present in this area. The southwesterly extension of the No. 7 Vein trend was followed onto the next ridge across the creek, and was examined by trenching in 2007 ("Target A"). This work discovered two parallel veins with a best value of 177 g/t Ag, 2.28% Pb and 0.5 g/t Au across 1.32 m. The strongest lead in soil anomaly in the Target A area was not trenched.

The southern-most trench in the No. 7 area, dug in 2007 exposed a quartz-sulphosalt vein with massive galena lenses up to 55 cm wide and 23 m long, within a vein zone that is approximately 50m long and open at both ends. The vein is hosted within competent orthogneiss and strikes between 020° and 045° with a steep dip to the west at 80°. The northern-most galena lens is open along strike to the northeast where it projects beneath an access road. Channel and rock samples taken in 2008 at various points along this vein returned a best interval of 0.40m grading 3150 g/t Ag, 64.0% Pb and 0.997 g/t Au.

The **Stirling Vein** was discovered in 2007 by deepening an old bulldozer trench situated approximately 400 m northeast of the No. 7 Vein. It is composed of strongly sulphosalt-bearing quartz with intermittent massive galena lenses up to 47 cm wide. The vein is exposed for a strike length of 22 m in tuffaceous quartz-feldspar-biotite-muscovite schist. It strikes 094° and dips steeply south at 70°. The mineralization is open along strike. Channel sampling returned a best interval of 0.47m grading 2660 g/t Ag, 64.5% Pb and 0.67 g/t Au. Excavator trenching along the trend in 2009 revealed an extension of the mineralized structure, however the vein was relatively narrow and weakly mineralized.

Prospecting in 2009 was successful in the discovery of mineralized float associated with a broad multi-element soil anomaly along the No. 7 vein trend. Two samples collected at least 500m to the northeast of the nearest recent trenches returned 3.98 g/t Au, 201 g/t Ag & 30% Pb, and 1.71 g/t Au, 1705 g/t Ag, & 12.2% Pb. The No. 7 Vein trend appears to have excellent potential in this area, as the two samples were found several hundred meters apart.

The **Core Shack Vein** is exposed in old bulldozer trenches that were deepened with an excavator in 2007. This vein is one of a series of sulphosalt-bearing quartz veins that are marked by lead-in-soil geochemical anomalies in the area between the No. 1 and No. 2 veins. The excavator trenches encountered an up to 1.30 m wide quartz vein that is variably mineralized with yellow-green arsenic-antimony secondary minerals, sulphosalts and minor coarse cubic galena. Chip samples collected across the vein zone returned peak values of 1230 g/t Ag, 15.0 % Pb and 1.96 g/t Au.

The **No. 8 and No. 9 Veins** are situated on competitors claims to the east of the property. They are similar to the veins exposed on the CN property but have a slightly higher silver to lead ratio. The No. 9 vein also has a substantial percentage of crystalline barite within the vein.

A **magnetite skarn zone** located on competitors ground immediately east of the No. 8 vein was tested by a series of very short drill holes (Price, 1989). Some significant gold intersections were returned from this drilling, with best values of 0.219 oz/ton over 5 feet. Prospecting to the southwest of the No. 8 Vein on the Connaught property to follow up soil anomalies resulted in the discovery of the **Mom 18 garnet- diopside skarn** mineralization in an area where skarn mineralization was noted in 1969. This material returned values up to 0.874 g/t Au, 312 g/t Ag, with elevated values for Fe, Cu, Bi, As, Cd, Pb & Zn.

In 2008 prospecting and trenching to follow up soil geochemical anomalies resulted in the discovery of the AC/DC, Ice, Rain and PP veins.

The **AC/DC vein** is located alongside the main access road, approximately 1000 m east of the No. 4 Vein. The vein subcrop is exposed in an old bulldozer trench south of the main access road, and in four trenches dug in 2008, delineating it for a strike length of roughly 70 m on the north side of the road. Most of the bedrock is poorly exposed. The vein is up to 1 m thick and contains comb quartz with small irregular masses of sulphosalts and weak to moderate, blebby and disseminated arsenopyrite. It is hosted in grey quartz-feldspar-biotite gneiss grading to quartzite. A selected rock sample of well mineralized material assayed 12 g/t Ag, 2.2% Pb, and 0.374 g/t Au.

The **Ice Vein** lies about 1000 m northeast of the No. 4 Vein on a northwest facing hillside. Five trenches were excavated but only three reached bedrock . Mineralization consists of coarse cubic galena weathering to botryoidal anglesite or dense dark red limonite containing relict galena and/or crushed quartz. Yellow-green clay gouge is also present. The Ice Vein is hosted in grey quartz-feldspar-biotite gneiss. The approximate altitude of the vein is 049°/80° SE. Its apparent width is 70 cm but the mineralized portion is only 20 to 25 cm wide. Chip sampling returned a best sample of 1.20m grading 406 g/t Ag, 4.0% Pb and 2.88 g/t Au.

The **PP Vein** is located 1200 m north-northeast of the Ice Vein on a northeast facing hillside. Vein float containing galena and anglesite was discovered during a prospecting traverse that followed up soil geochemical anomalies. Five trenches were cut to locate the source of the float. A narrow quartz-sulphosalt-galena vein up to 15 cm wide was located in trenches PP-TR08-01 through -04. This vein is hosted in pale yellow quartzite and grey quartz-feldspar-biotite gneiss. Chip samples collected from this vein returned lead and silver values up to 2.10m grading 259

g/t Ag, 3.5% Pb and 0.408 g/t Au. Grab samples of anglesite weathered galena float collected from the spoil piles of PP-TR08-04 and -05 suggest that another, unexposed vein exists north of the trenches.

The **Rain Vein** is situated 1600 m northeast of the No. 4 Vein. It lies northwest downslope from the main access road. Trenches were cut across two strong geochemical anomalies. The Rain Vein is well exposed in only one trench, (GB-TR08-01), and is poorly exposed in two adjacent trenches (GB-TR08-15 and -16). High values obtained from rock and soil samples taken from GB-TR08-02 and -10 suggest the vein continues to the east. Where exposed in GB-TR08-01, the vein is composed of quartz-poor sulphide bands with antimony-arsenic sulphosalts and galena in their cores and pyrite, arsenopyrite and possible stibnite on their margins. The sulphide-rich material is hosted in bright yellow clay gouge. The galena is coarsely cubic and weathers to anglesite on rims, with scorodite stains on some faces. The Rain Vein is hosted in quartz-feldspar-biotite gneiss, but schists were found nearby, which often contain much more muscovite than biotite. Chip samples from poorly exposed veins returned low values, maybe due to contamination by fragments of unmineralized soil and bedrock, however selected samples of well mineralized vein yielded values up to 472 g/t Ag, 12% Pb and 2.45 g/t Au.

It is significant that most of the veins discovered to date have only been excavated along short lengths that are either near an access road or along a ridge crest. Soil geochemical anomalies at most of these veins extend for hundreds of meters further along trend. Drilling has only tested parts of the No. 1, No. 3, and No. 4 Veins.

Prospecting in 2009 resulted in the re-discovery about 1km southeast of the camp of mineralized vein subcrop in a bulldozer trench from the 1969 exploration program. The **69-3 Vein** returned values of 4.13 g/t Au, 406 g/t Ag, 10.4% Pb. This material was found in an area of multi-element elevated soil geochemistry. There were no assays previously reported from this trench. The discovery is significant as it is the first vein (re-)located on the southern side of the ridge which divides the property.

Figure 4. Historical prospecting pits in rusty skarn adjacent to white recrystallized limestone. Distant peak is composed of intense hornfels altered Paleozoic metavolcanic lithofacies of the Finlayson Assemblage.

2010 EXPLORATION PROGRAM

The 2010 field program was conducted by the author William Mann, geologist Sandro Frizzi, senior field technicians Matt Little and Max Mikhailytchev, and field technicians John-Mark Campbell, Daniel Gabriel and Jeremy Mann. A one day visit to the property was made by senior consulting geologists Trygve Hoy and Tim Liverton.

2010 Soil Geochemistry

The 2010 soil sampling built on earlier grid sampling that was conducted in 1969, 1987, 1998, and especially in 2007, 2008 and 2009 (Figures 7, 8 & 9). The 1969 survey consisted of three grids that cover a 26 km^2 area. Samples were taken either at 25 m spacing along lines spaced 25 m apart or at 100 m spacing along lines spaced 100 m apart. The samples that were taken at 25 m centres were from an 8 km^2 grid while the samples collected at 100 m centres were from two grids that collectively covered a 16 km^2 area. All three grids were orientated to sample topographic highs, leaving significant gaps in the coverage. The 1969 samples were only analyzed for copper, lead and silver.

The 1987 soil sampling was performed over a 9 km^2 area at 25m intervals on lines spaced 200 m apart. All of these samples were taken within the areas of previous coverage. They were analyzed for 30 elements by an ICP technique. The 1998 soil sampling was performed at 50 m intervals on four traverse lines that were run along ridge tops in the vicinity of the No. 2 and No. 6 Veins. These samples were analyzed for gold and 32 other elements.

Results from the pre-2007 grids identified numerous north-easterly trending clusters of anomalous lead response, with peak values up to 6600 ppm. Where silver data is available, the results closely coincide with lead-in-soil values.

In 2007 and 2008, soil sampling was done at 50 m intervals on lines spaced 50 m apart on Grids A, B, C, D & E. Together these grids covered an area of roughly 16.1 km^2. Results for silver in these soils is shown in figure 7. Gold was not analyzed in these samples, and the sample pulps were discarded. A few widely spaced soil lines were sampled in 2009 within the same framework, with gold analyzed in addition to the multi-element ICP.

In 2010 samples were collected along north- south UTM gridlines, with a 50m sample spacing. This work (654 samples collected on 20 lines) was focused on areas distal from the 2007, 2008 and 2009 sampling, with the intent to discover additional areas of anomalous potential within the claim block (fig. 7). Gold was analyzed during this program, as it is thought to be very important to directly analyze for this target element (fig. 8). Silver in soil is plotted from 2010 and 2009 along with the results from 2007 and 2008 to show the broad mineralized trends.

The 2010 soil samples were located using handheld GPS units, with supplemental navigation by compass. The sites are marked by aluminium tags inscribed with the sample numbers, which are affixed to 0.5 m wooden lath that were driven into the ground. Soil samples were collected using a spade. They were placed into Kraft paper bags along with an analytical sample tag. Soil descriptions were recorded in a notebook.

The use of soil augers for deep soil sampling was investigated, as this method is being promoted as a superior technique for non-glaciated areas in the Yukon. This method tends to give higher metal levels due to reduced dilution by loess, with less down-slope dispersion. On the CN property there are many areas where permafrost is well developed near surface under moss (due to the relatively high elevation) and therefore deep sampling is often not possible. The granitic bedrock which underlies much of the area sampled in 2010 tends to form boulder-rich soils that also hamper deep sampling. It was decided that regular B horizon soil sampling was suitable for the property, and is consistent with the existing large sample database. Loess was not observed to be thick or extensive where sampling was conducted in 2009 and 2010.

The 2010 samples were delivered to ALS Chemex in Whitehorse. The samples were then forwarded to their facility in North Vancouver where they were dried and sieved to -180 microns. A 15g portion of each sample was digested in aqua regia and then analysed for trace level gold (method Au- TL42) and 51 elements by the inductively coupled plasma-mass spectroscopy technique (ME-MS41). Soil sample locations from 2009 and 2010 are shown on Figure 7. Gold in soil results from 2009 and 2010 are shown in figure 8. Silver in soil results from work since 2007 are shown in figure 9. Certificates of Analysis for soil samples are in Appendix IV.

Statistical analysis of the 2009 soil samples revealed correlation coefficients between Ag and Pb of 0.966, between Au and Ag of 0.105, and between Au and As of 0.147. There were no strong correlation between gold and any of the other elements analyzed. The highest gold values did tend to occur in broad areas that were anomalous in other metals.

2010 Prospecting

Prospecting was conducted in conjunction with geological mapping and soil sampling, and to follow up on previous anomalies. This work was successful in the discovery of several areas of gold and silver in rock float, and in the rediscovery of mineralized veins exposed in 1960's era bulldozer trenches which were not documented. Rock descriptions are presented in Table 1, and certificates of analysis are in Appendix III. Sample locations with Au and Ag results are plotted in figure 6. The new zones are described below based on location from west to east.

The **Kitchen Vein** is located under the current camp site. The camp is built in a bulldozer trench dug to investigate coincident multi-element soil geochemical anomalies identified in 1987 (Price, 1987). The trench is first shown on a map with soils collected within the trench (Keyser, 1987). Mineralized float within this trench was identified and sampled in 2010, and further extended to the east by prospecting. Values up to 1.08 g/t Au, 783 g/t Ag and over 20% lead were returned from the vein float. The mineralization also contains elevated Sb (1630 ppm), Hg (1.02 ppm), Mo (306 ppm) and W (53 ppm).

The **69-2 Vein** is located about 400m southeast of the camp (and Kitchen vein), and 700m northwest of the 69-3 vein, within a bulldozer trench dug in 1969 (Cholach, 1969 fig. 12). A grab sample of vein float from the trench returned 3.00 g/t Au, 1660 g/t Ag and 14.2% Pb. The mineralization is also elevated in Sb, Bi and In.

The **AC/DC Vein** was further sampled and examined in 2010. Vein float with strong arsenopyrite mineralization was found more than 100m further to the south than previously noted. The highest gold value obtained was 1.095 g/t, and the highest silver value 8.41 g/t. Lead values are much lower in this vein than in any others sampled.

The **Ridge Vein** is located in an old bulldozer trench near the main access road, a few hundred meters from the junction between the ridge road and the road to the Sixtymile River. Samples from the trench ran 182 g/t Ag, 1.825 g/t Au and 1.635% Cu. Mineralized float about 50m to the west returned 111 g/t Ag and 0.915 g/t Au. This vein is also highly anomalous in Bi (1090 ppm), Tl (1.92 ppm), and Te (17.75 ppm).

Sandro's Vein, the Woodpecker and "New" zones are discoveries from the 2010 season that occur in the south central part of the property. Sandro's vein is a rediscovery of a lead-arsenic mineralized quartz vein in a 1960's era bulldozer trench. The vein is not exposed in outcrop, but the trench is entirely within weathered intrusive rocks. The "New" discovery is a single cobble from the same pit as a highly anomalous soil sample. Much weaker mineralization is present in the area, and no other vein rocks were observed. Similarly the "Woodpecker" is a single cobble that was found sticking out of organic soil in an area with no other boulders visible. The Woodpecker is notable in that it appears to originate from metamorphic rocks on the south side of the intrusive body, the first mineralization from here. The mineralization in this area is elevated in Te (25 ppm), Sb, W, Bi, In and Cu. Sandro's vein has the highest gold values from 2010 rock sampling (5.27 g/t Au), and high Ag: Pb ratios.

The **Mom 18 Skarn** zone is a re-examination of old hand pits, probably dug in the 1950s. The skarns in this small showing are high in Zn (up to 7.24%), and anomalous in Au, Ag, Cu, Mo, Cd, In (68 ppm), W (201 ppm), Ga (13.95 ppm), and Bi. Ratios of Ag: Pb are very high compared to the local veins. Arsenic values are very low compared to vein mineralization.

Matt's Vein straddles the property boundary on the east side of the property, with the visible mineralization located on the competitor's ground. This vein is present in a narrow string of cobbles with a northeasterly trend that was discovered by following up a soil anomaly in 2009. The vein is located in an area with abundant felsic dykes.

All rock samples were transported to ALS Chemex Whitehorse, where they were dried and fine crushed to better than 70% passing 2 mm. A 250 g split of the crushed material was pulverized to better than 85% passing 75 micron. The pulverized sample was then forwarded to ALS Chemex in North Vancouver A 0.5g split was then subjected to aqua regia digestion and analyzed for 51 elements using the ME-MS41 ICPMS technique. If a sample exceeded the detection limit for lead, silver, copper or zinc it was further analyzed for total metal content using standard assay procedures (method OG46). Samples exceeding upper detection limits for standard assay procedures were subject to bullion assay methods.

All samples were also analyzed for gold by the TL-42 method, with aqua regia digestion of a 15g sample split with analysis by ICP-MS. Samples that returned greater than 1.00 g/t Au were further analyzed by the Au-ICP21 method, with fire assay on a 30g sample split and ICP-AES finish. Certificates of Analysis for rocks are contained in Appendix III.

TABLE 1.

Rock Sample Locations & Descriptions - Connaught Project 2010

				ICPMS		Ore Grade				Fire Assay	
				Au	Ag	Ag	Cu	Pb	Zn	Au	Ag
Sample	**E**	**N**	**Description**	ppm	ppm	**ppm**	**%**	**%**	**%**	**g/t**	**g/t**
I065001	511010	7086756	**Kitchen zone**, E end, Pb-rich	**0.466**	**>100**	**783**		**>20.0**			
I065002	511010	7086756	Qtz.-scorodite float, E end of zone	**0.422**	**>100**	**122**		**1.855**			
I065003	510950	7086770	Qtz.-scorodite float, dozer trench, central camp	**>1.00**	**>100**	**227**		**4.97**		**1.08**	
I065004	510931	7086771	Qtz.-scorodite float, under kitchen tent	**0.471**	**>100**	**169**		**2.4**			
I065005	516540	7085888	pyroxene pyrrhotite hornfels	0.016	3.07						
I065006	516120	7085710	rusty felsic dyke on hill top	0.004	1.19						
I065007	516036	7085900	**MOM 18 skarn zone** - Fe oxide, porous, south pit	**0.386**	**16.55**				**3.32**		
I065008	516036	7085900	West pit, with brown garnets	0.013	0.35						
I065009	516036	7085900	North pit, with malachite stain	0.007	6.23						
I065010	516036	7085900	10m chip across outcrop	0.006	3.54				**7.24**		
I065011	512697	7088164	**Ridge west of junction** - vuggy Q, minor aspy., rusty hornfels	0.071	6.31						
I065012	512724	7088202	Qtz.- scorodite pebbles	**0.915**	**>100**	**111**		**1.015**			
I065013	512758	7088240	1969 dozer trench - Qtz.-scorodite rubble **"Ridge"**	**>1.00**	**>100**	**182**	**1.635**			**1.825**	
I065014	512758	7088240	bleached wallrock adjacent to vein	0.037	**10.7**						
I065015	512875	7088180	limonite-hematite stained hornfels, pyrite, 20m x 20m area	0.055	6.48						
I065016	513000	7088100	rusty hornfels in 40m x 60m area	0.001	0.2						
I065017	512066	7087785	**AC/DC vein extension** - Q-scorodite	**0.823**	5.95						
I065018	512070	7087794	AC/DC vein extension - Q-scorodite	**>1.00**	8.41					**1.095**	
I065019	512018	7087697	AC/DC vein extension - Q-scorodite	**0.146**	1.74						
I065020	512018	7087697	AC/DC vein extension - Q-scorodite	**0.135**	1.33						
I065021	512090	7087820	GB-TR08-14 trench dump- Q-scorodite	**>1.00**	7.55					**0.989**	
I065022	515991	7088456	1 cm white QV cuts hornfels, vuggy, tr. Limonite	0.01	0.28						
I065023	516000	7088105	(high Au,Ag soil 64123) rusty cobble with quartz "**NEW**"	**>1.00**	>100	**528**		**6.33**		**1.2**	
I065024	515985	7088095	rusty hornfels near above sample	0.051	57.6						
I065025	515945	7087832	50cm band garnet skarn, rusty, Az 34, dip 52E, adj. Actinolite skarn	0.002	0.36						
I065026	514915	7086905	**Sandro's** trench area - vein white bladed Q and grey-green pitted Qtz.	**>1.00**	27.4					**4.23**	
I065027	514915	7086905	rusty granite from trench - no veining	0.026	0.23						
I065028	516507	7088030	rusty skarn boulder in gully (lone in area)	0.029	3						
I065029	518213	7088382	(NE of CN - marble and skarn target) 5m chip of white marble	0.009	0.15						

TABLE 1.

Rock Sample Locations & Descriptions - Connaught Project 2010

				ICPMS		Ore Grade				Fire Assay	
				Au	Ag	**Ag**	**Cu**	**Pb**	**Zn**	**Au**	**Ag**
Sample	**E**	**N**	**Description**	ppm	ppm	**ppm**	**%**	**%**	**%**	**g/t**	**g/t**
I065030	517978	7090078	c.g. Diopside skarn, dark green, minor Q-cc-epidote, tr lim.	0.004	0.12						
I065031	517841	7090986	discordant limonite vein cuts q-m schist, minor vuggy qtz.	**0.512**	6.96						
I065032	517996	7090045	c.g. Diopside skarn, dark green, about 20m from 65030, similar	0.006	0.07						
I065033	517955	7088162	epidote skarn in banded limestone w/ quartzite bands, tr lim.	0.003	0.12						
I065034	515002	7086547	**Woodpecker** vein Qtz, vuggy, scorodite, lim., boulder in soil	**>1.00**	>100	**343**		**14.6**		**2.52**	
I065035	512008	7085393	ML040 QV w/ limonite & MnOx	0.018	1.01						
I065036	512001	7085390	ML041 weird dyke, limonitic, MnOx, kaolinite-altered	0.043	5.16						
I065037	511995	7085088	ML042 QV w/ lim., hematitic (red)	0.004	0.27						
I065038	518828	7089631	ML043 yellowish bleached hornfels	0.004	0.21						
i064732	519454	7089751	along trench 30	0.001	0.03						
i064734	519454	7089751	shaft sample - trench 30	0.002	0.23						
i064735	519490	7090031		0.003	0.12						
i064736	519454	7089751	shaft sample - trench 30	0.002	0.16						
I065051	516997	7087761	SA-1 Skarn with anomalous Fe, S, Pb, Zn, Cu & Ag	0.008	30.4						
I065052	511197	7086396	Vuggy quartz- scorodite; **TR69-2**	**>1.00**	>100	>1500		**14.2**		**3.00**	**1660**
I065053	518211	7087241	Grey quartz stockwork cutting QM on saddle below No. 8 vein	0.012	6.47						
I065054	511195	7086340	Quartz float w/ As, Ag - near TR69-2	**>1.00**	19.7					**1.75**	
I065055	515000	7088540	Unusual rusty breccia with elevated Fe, S, Pb, As, Cu, Ag, Ba	0.012	26.9						
I065056	518736	7084758	**"Fifty" Cu skarn area**, outcropping rusty skarn, elevated Fe, Ca, Cu, Pb, Ag	0.002	0.34						
I065057	514916	7086913	**"Sandro's trench"** vuggy quartz- scorodite, newly discovered 1969 trench, elevated Fe, As, S, Ag, Cu, Hg, Sb	**>1.00**	70.7					**5.77**	
I065058	511300	7086114	rusty granite- limonite, hematite, MnO, elevated As, Zn, Ag, between Tr69-2 and lower 69 trench	0.023	1.71						
I065059	511107	7086005	rusty granite w/ vuggy Qtz., lim., MnO, trace Ag, Sb, As	0.011	0.48						

Geological Mapping

There has been little geological mapping conducted during previous exploration of the Connaught property, and no detailed property geology map. It was recognized early in the 2010 program that the intrusive complex was much more extensive than shown on the existing maps derived from 1:50,000 mapping by Mortensen (1996). The intrusive complex consists of a granodioritic phase that is relatively resistant weathering, such as the knob adjacent to camp. There is also a quartz monzonitic phase that is recessive weathering, and which is common on the southern slope of the property. This phase is seen along the main road just past the east border of the property, in the saddle below the No. 8 vein, and is abundant further to the east. A third phase of highly felsic dykes, with minor graphic granite pegmatite is also present near the eastern edge of the property. As mineralization at Connaught is thought to be intrusive- related, it was considered important to map the extent of the intrusive rocks.

Geologist Sandro Frizzi mapped the extent of the intrusive complex on the claims, and onto adjacent ground. The intrusive rocks are now seen to occupy a nearly continuous east- west trending band from the camp to the eastern boundary of the claims, a distance of about 6 kilometres (fig. 5). The previous map showed a couple of roughly circular stocks of about 1 km diameter in this area.

Most of the intrusive body is present on surface as felsenmeer boulders, with very little outcrop of the intrusive. The new mapping is consistent with the airborne magnetic signature of the property, which shows an extensive magnetic high that corresponds to the intrusive complex and associated hornfels zone.

Major north-south trending faults were revealed during mapping. These faults offset the intrusive complex, and also appear to control the distribution of intense hornfels. These faults may also be important for controlling gold mineralization, and require further detailed exploration.

DISCUSSION AND CONCLUSIONS

The Connaught project hosts an extensive system of silver-lead-gold veins, which are located at the head of the Sixtymile placer gold camp. Mineralized veins are associated with east-north-easterly to north-north-easterly trending structural zones that cut all pre-Cretaceous units and the intrusives. The source of mineralization has not yet been determined, but it was likely deposited by a hydrothermal system related to Late Cretaceous plutonism. Porphyry copper and skarn occurrences in the area are probably associated with the same hydrothermal system.

Vein mineralogy is complex and consists of multiple episodes of quartz and sulphide emplacement. Weathering has resulted in a variety of oxide and carbonate minerals which can obscure the primary mineralization. Veins contain two main phases of mineralization: silver-lead-antimony and gold-arsenic-bismuth metal assemblages.

The 2006 VTEM airborne geophysical survey was conducted when the claim block was smaller than at present, and consequently doesn't cover the southeastern part of the current claims. A new survey is recommended to extend coverage, especially of magnetics. The southeastern part of the property is prospective for magnetite-rich skarn deposits, intrusive rocks and hornfels. It might also be beneficial to resurvey the entire property with combined magnetics and radiometrics. Radiometrics may be useful for identifying areas of potassium-rich alteration commonly expressed by intrusive-related mineral deposits.

Despite the presence of deep weathering, strong solifluction and permafrost, soil geochemistry has proven to be an excellent tool for identifying veins that are covered by overburden. The size and shape of soil anomalies suggest some of the veins have strike length of 1000 m or more. Many of the anomalies have received little or no follow up prospecting and trenching. Future soil geochemical surveys should focus on the central part of the claims, near the newly discovered Sandro's, New and Woodpecker zones, and should include analysis for gold. This area is cut by a prominent north-south trending fault which may control mineralization. The existing soil geochemical database should be scrutinized for trends in Ca distribution that might indicate carbonate host rocks favourable for skarn mineralization. High Au to As ratios might also indicate skarn hosted gold.

Excavator trenching is considered to be the most cost effective tool for evaluating the soil geochemical anomalies and delineating the veins. Many soil anomalies remain untested and most veins are open along strike. Permafrost and deep overburden are significant impediments to effective trenching in some areas. Overburden drilling is a possible alternative; however, it provides relatively little visual information regarding the nature of the veins. Diamond drilling at systematic intervals along each vein structure would technically be an ideal method for locating the widest and richest sections of the veins, with minimal environmental damage.

There are several specific targets that warrant followup. The northeast extension of the No. 7 vein should be tested with excavator trenching of the mineralization discovered in 2009. Bleached and altered wallrocks adjacent to the No. 2 vein should be sampled to test for gold mineralization. The veins on the south facing slopes identified in 2009 and 2010 should be excavated to examine vein width, orientation and grade as they are only exposed as subcrop in

bulldozer trenches (or as float). These veins include: Kitchen, 69-2, 69-3, Ridge, Sandro, New and Woodpecker. A small excavator (helicopter portable) may be suitable for low impact testing for extensions of these zones, as the south-facing slope is thought to have less permafrost. However a larger excavator (40 ton) would be required to obtain solid bedrock exposures. The minfile occurrences near the northern boundary of the claims should be examined. There is a bull's-eye magnetic anomaly at the extreme northwest corner of the claims that should be examined.

Future exploration should also include detail geological mapping to delineate areas underlain by favourable host rocks such as the granitic orthogneiss of the South Fiftymile Batholith and quartzite of Nasina Assemblage. These units are particularly prospective hosts because they are brittle, and therefore were better able to form broad, continuous dilatent zones where rich veins could have precipitated from circulating hydrothermal fluids. Mapping and sampling of carbonate- rich units and skarn may reveal potential for carbonate replacement type mineralization. The mapping should build on the 2010 mapping that was focused on intrusive rocks.

Finally, the next phase of work should include claim staking along the northwest side of the claim block to cover a carbonate unit in the Boucher creek area. Staking is also warranted along the north-central part of the claims in the Mosquito creek area, adjacent to some minfile occurrences.

Respectfully submitted,

William D. Mann, M.Sc., P.Geo.

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APPENDIX I

STATEMENT OF QUALIFICATIONS

WILLIAM D. MANN, M.Sc., P.Geo.

19 HAYES CRESCENT, WHITEHORSE, YUKON Y1A 0E1

1. I am a member in good standing of the Association of Professional Engineers and Geoscientists of BC, Licence #31907.

2. I am a Graduate of Queen's University, 1986, with a Master of Science Degree in Mineral Exploration Geology.

3. I am a Graduate of the University of British Columbia, 1983, with a Bachelor of Science Degree in Geology.

4. I have worked in mineral exploration and mining continuously since 1979.

5. I designed, supervised and participated in the work program on the Connaught Project in 2010.

6. I am contract project geologist for Klondike Silver Corp., owner of the claims, and hold stock options in the company.

March 15, 2011

William D. Mann, M.Sc., P.Geo.

Klondike Silver Corp./ Atac JV - Connaught Project Statement of Expenditures, 2010

	Date	Supplier	Invoice Number	Cost	
Analytical costs	Jun 30, 2010	ALS Chemex	2091769	730.08	
	Jul 07, 2010	ALS Chemex	2100897	55.76	
	Jul 02, 2010	ALS Chemex	2093973	4,271.90	
	Jul 05, 2010	ALS Chemex	2093981	4,359.17	
	Jul 10, 2010	ALS Chemex	2096656	3,637.48	
	Jul 14, 2010	ALS Chemex	2100459	321.90	
	Jul 17, 2010	ALS Chemex	2107894	41.82	
	Sep 06, 2010	ALS Chemex	2127361	4,053.76	
					$17,471.87
Wage Invoices		Bill Mann	P.Geo.		
independent contractors		John Mark Campbell	Field Technician		
		Max Mikhailytchev	Senior Field Technician		
(details confidential)		Daniel Gabriel	Field Technician		
		Sandro Frizzi	Geologist		
		Matt Little	Senior Field Technician		
		Jeremy Mann	Field Assistant		
					$39,282.50
Expense Invoices	Jun 06, 2010	Matt Little	106E	300.00	
(food, hardware, supplies)	Jun 06, 2010	Matt Little	106E	2,700.00	
	Jun 05, 2010	Bill Mann	10-63E	2,760.41	
	Jun 28, 2010	Matt Little	107E	2,100.00	
	Jul 02, 2010	Max Mikhailytchev	CN/EXP.	360.00	
	Jun 28, 2010	Bill Mann	10-64E	473.92	
	Jul 19, 2010	Sandro Frizzi	YUKON/JULY/19/10	333.00	
	Jul 19, 2010	Max Mikhailytchev	YUKON/JULY/19	336.00	
	Jul 26, 2010	Bill Mann	10-68E	224.27	
	Jun 28, 2010	Bill Mann	10--66	7,025.00	
	Aug 10, 2010	Max Mikhailytchev	AUG/2010/EXP.	330.00	
	Sep 10, 2010	Bill Mann	10-74E	2,081.26	
	Sep 17, 2010	Bill Mann	10-76E	109.26	
	Aug 02, 2010	Matt Little	CN/AUG/2010	507.02	
	Sep 01, 2010	Daniel Gabriel	CONNAUGHT	1,254.42	
					$20,894.56
map preparation	May 15, 2010	Aurora Geosciences Ltd.	9482	711.50	
Helicopter flight	18-Jun	Fireweed Helicopters	#2637	1,620.20	
					$2,331.70
		Field Expenses - subtotal:			$79,980.63
Report Preparation		W.D. Mann	(10% of field costs)		$7,998.06
		TOTAL ELIGIBLE EXPLORATION EXPENDITURES:			**$87,979**

Field Work Conducted: June 1 - August 10, 2010

MOM 1- 84 recorded May 31, 2010. MOM 85- 96 recorded June 4, 2010. Work on Mom 85- 96 was conducted in August.

Note: these expenses exclude all staking costs

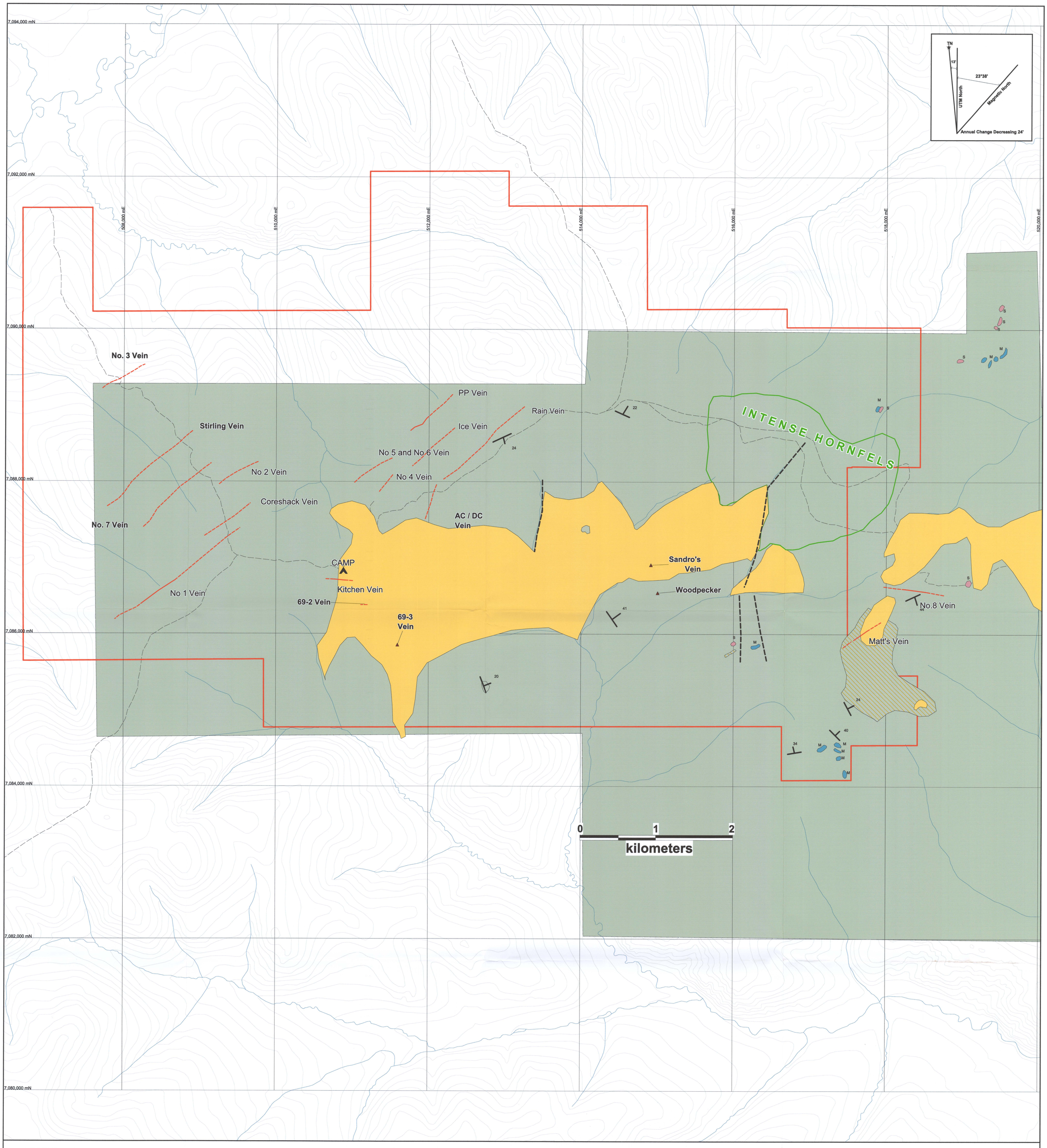
signed: _____ date: _____

APPENDIX III

CERTIFICATES OF ANALYSIS - ROCKS

APPENDIX IV

CERTIFICATES OF ANALYSIS - SOILS



LEGEND

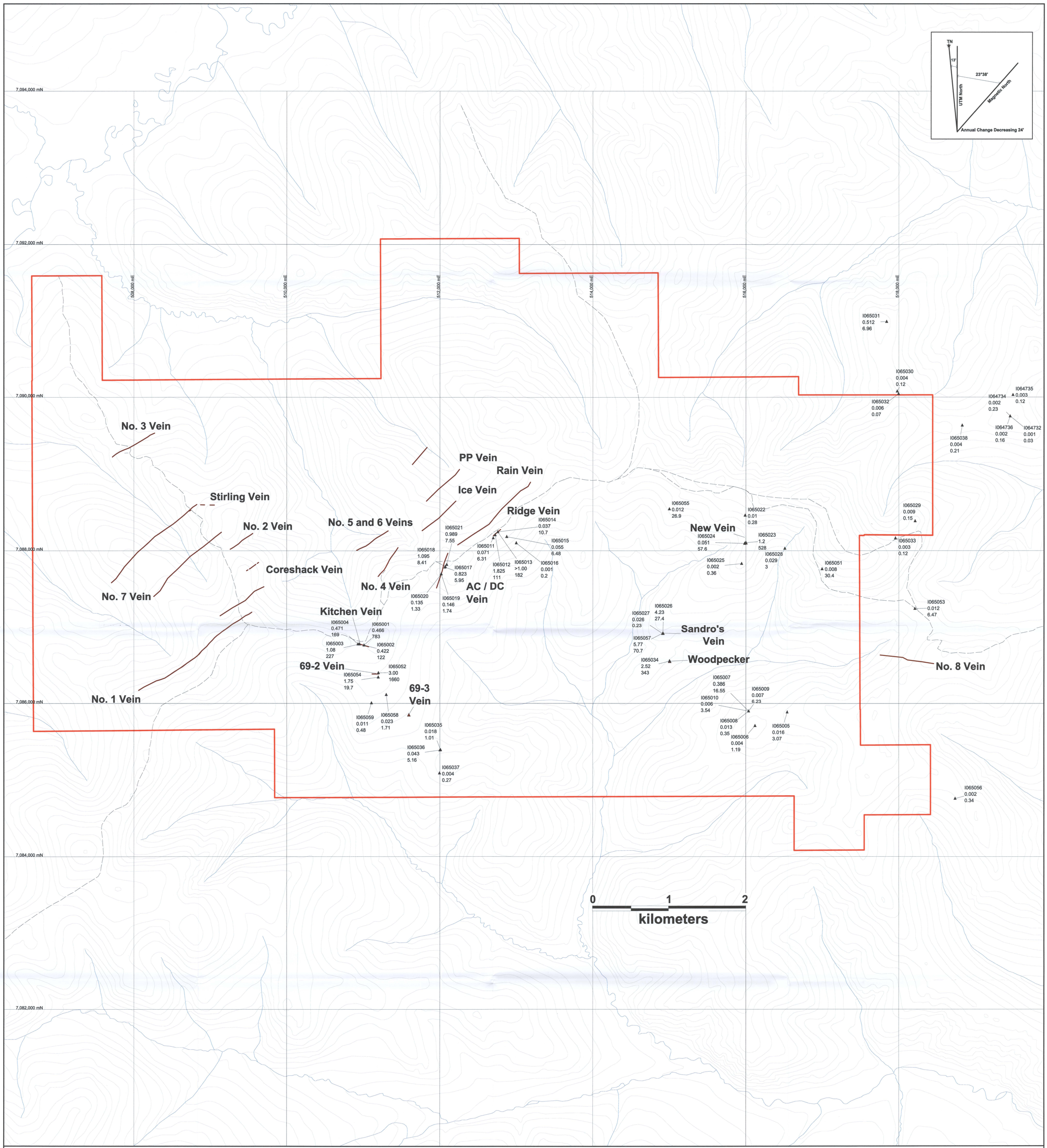
Road | Water Course | Contour Line | Claim Boundary

Klondike Silver
Connaught Project
Geology Map

Date:Oct 4/2019
Author: S. Frost
Office:
Drawing:
Scale: 1:20,000
Projection: UTM Zone 7 (NAD 83)

Fig. 5

095532



LEGEND

Road — Water Course — Contour Line — Claim Boundary

▲ Rock Sample Number
Au g/t
Ag g/t

Klondike Silver
Connaught Project
2010 Rock Geochem
Au & Ag ppm

Date:Oct 4/2010
Author:
Office:
Drawing:

Scale: 1:20,000
Projection: UTM Zone 7 (NAD 83)

Fig. 6

095532

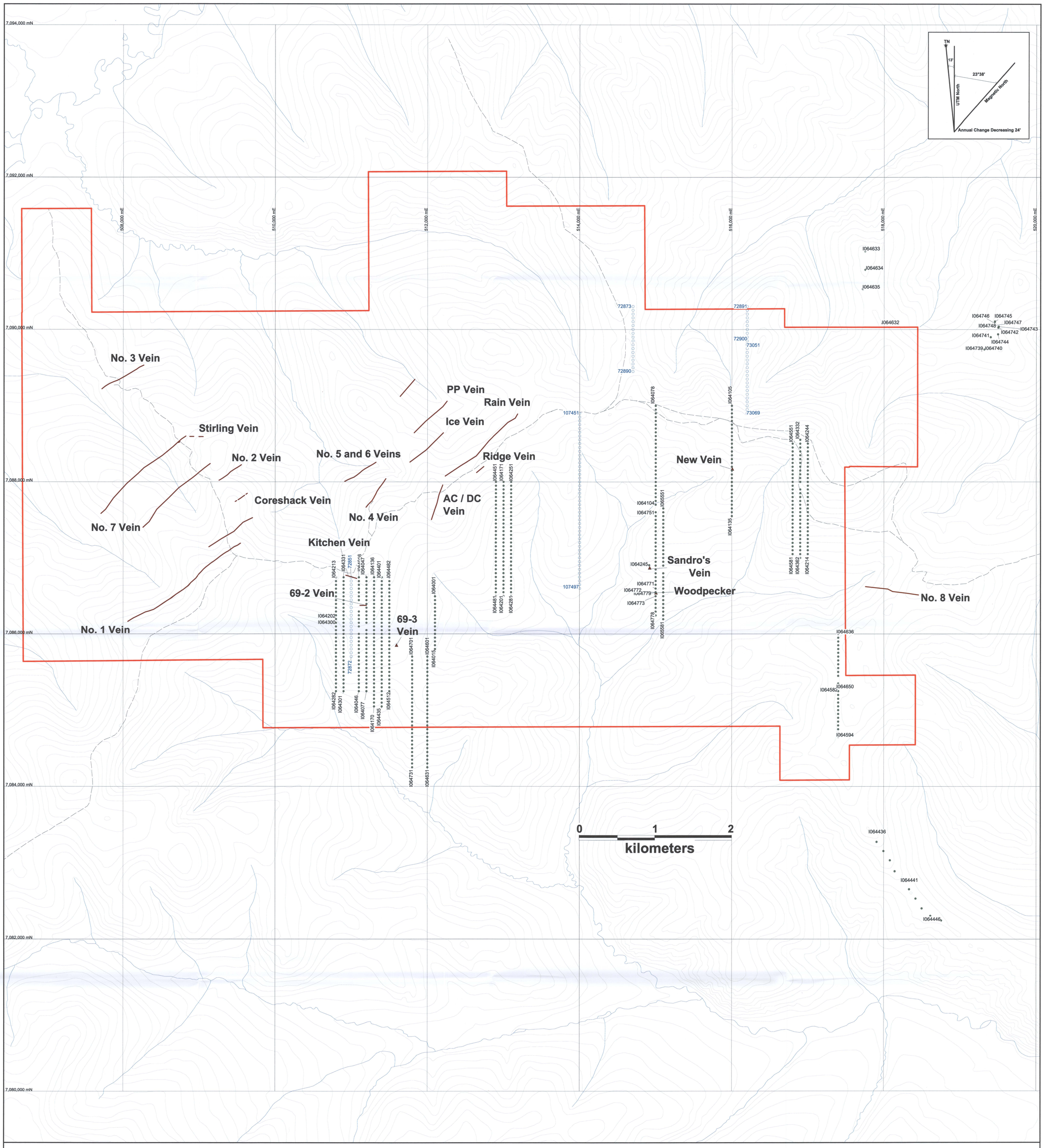
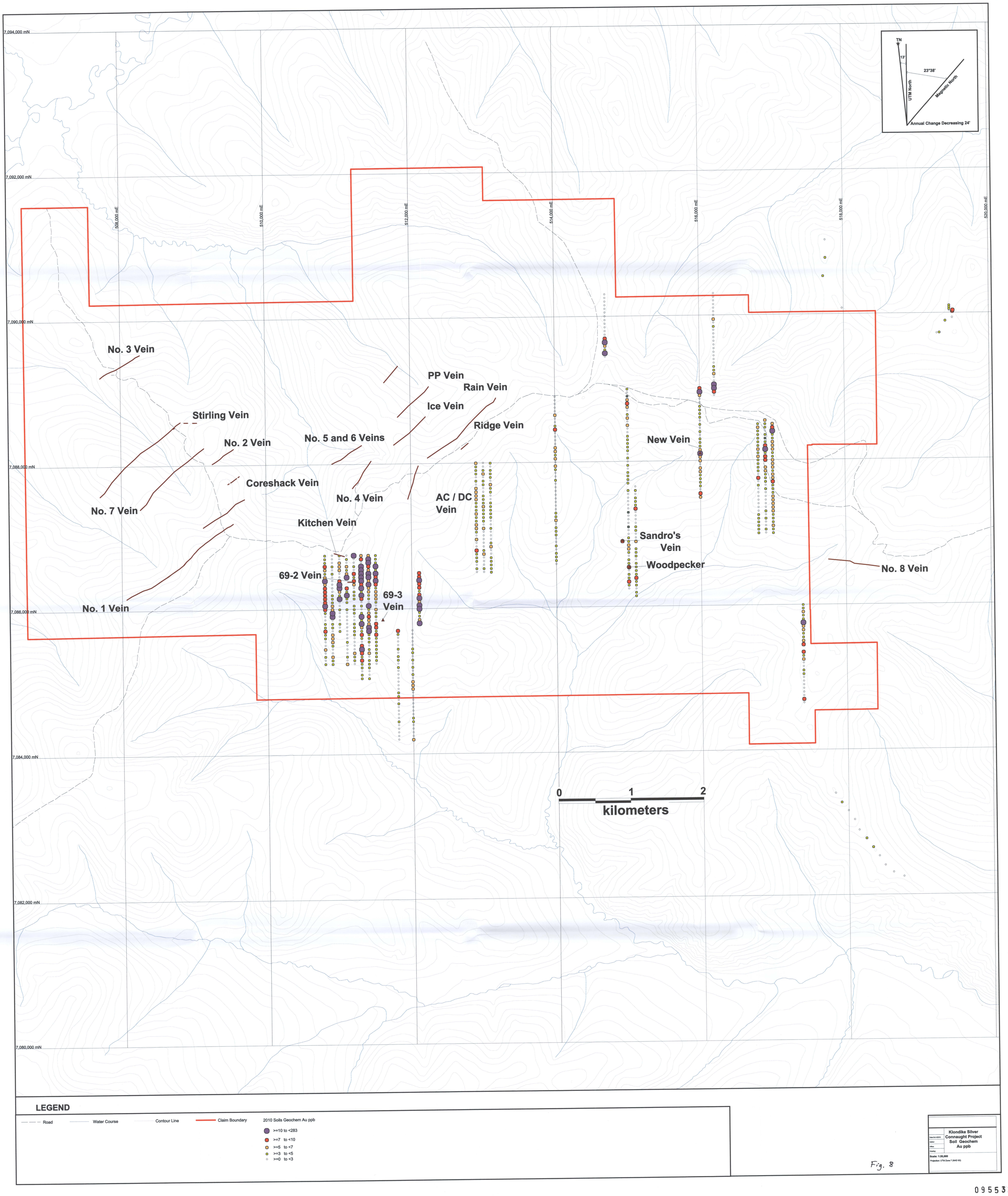

TN
13°
23°38'
UTM North
Magnetic North
Annual Change Decreasing 24'
7,094,000 mN
7,092,000 mN
7,090,000 mN
7,088,000 mN
7,086,000 mN
7,084,000 mN
7,082,000 mN
7,080,000 mN
508,000 mE
510,000 mE
512,000 mE
514,000 mE
516,000 mE
518,000 mE
520,000 mE
No. 3 Vein
Stirling Vein
No. 2 Vein
No. 7 Vein
Coreshack Vein
No. 1 Vein
PP Vein
Rain Vein
Ice Vein
No. 5 and 6 Veins
Ridge Vein
No. 4 Vein
AC / DC Vein
Kitchen Vein
69-2 Vein
69-3 Vein
New Vein
Sandro's Vein
Woodpecker
No. 8 Vein
0
1
2
kilometers
LEGEND
2010 Soil Sample Location
2009 Soil Sample Location
Road
Water Course
Contour Line
Claim Boundary
Klondike Silver
Connaught Project
2009-2010 Soil Geochem
Ag ppm
Scale: 1:20,000
Projection: UTM Zone 7 (NAD 83)

Fig. 7

095532



LEGEND

Road — Water Course — Contour Line — Claim Boundary

2010 Soils Geochem Au ppb

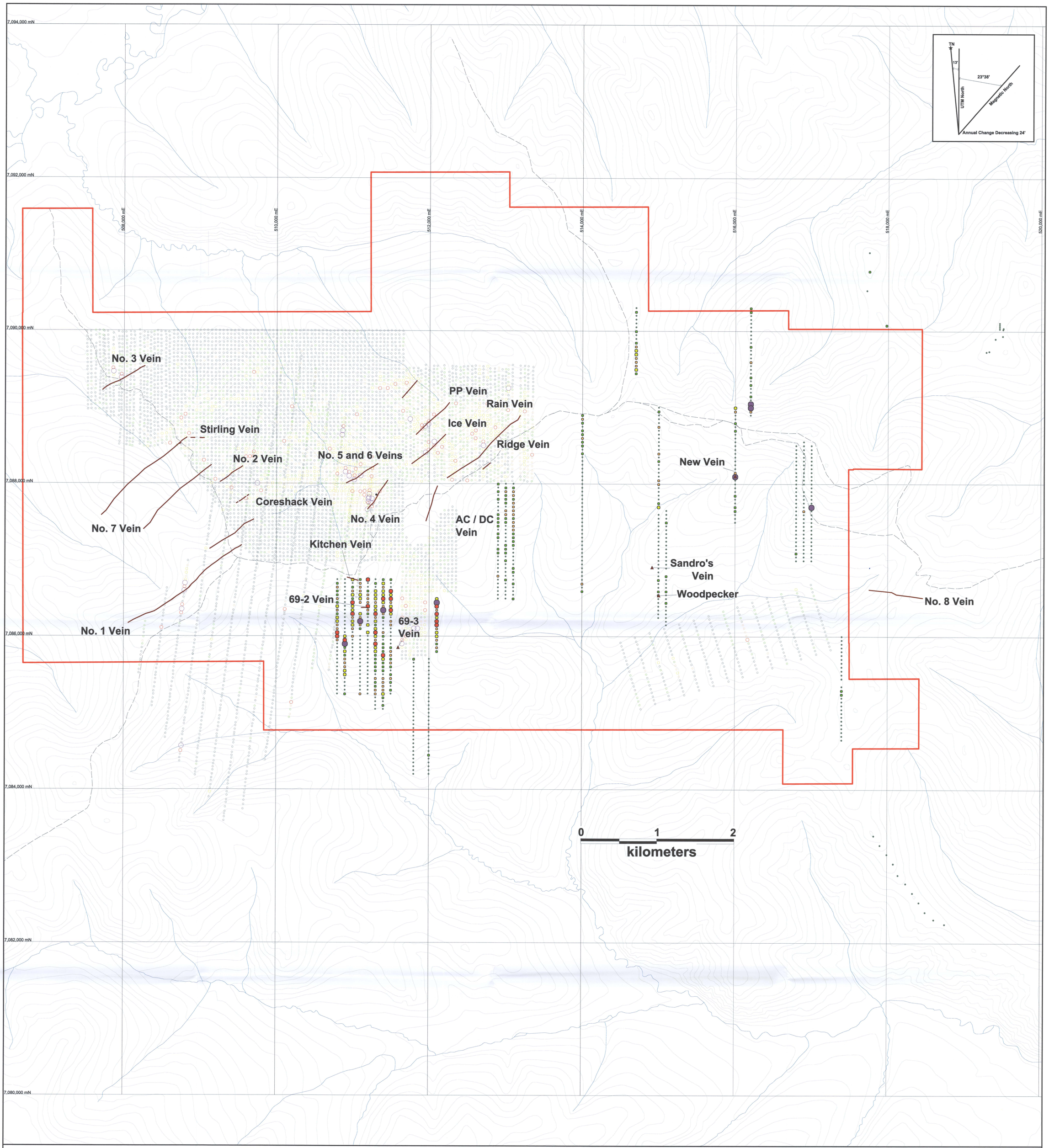
- >=10 to <283
- >=7 to <10
- >=5 to <7
- >=3 to <5
- >=0 to <3

Klondike Silver
Connaught Project
Soil Geochem
Au ppb

Scale: 1:20,000
Projection: UTM Zone 7 (NAD 83)

Fig. 8

095532



LEGEND

Road

Water Course

Contour Line

Claim Boundary

Soils Geochem Ag ppm

>=10	to <45
>=5	to <10
>=2	to <5
>=1	to <2
>=0.5	to <1
>=0	to <0.5

Pre-2009 Soil Geochem Ag ppm

10	to 50
5	to 10
2	to 5
1	to 2
0.5	to 1
0	to 0.5

Klondike Silver
Connaught Project
Soil Geochem
Ag ppm

Date/Ref: 4/8/09
Author:
Office:
Drawing:

Scale: 1:20,000
Projection: UTM Zone 7 (NAD 83)

Fig. 9

095532