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This report has been examined by the Geological Evaluation Unit under Section 41 Yukon Placer Mining Act and is recommended as allowable representation work in the amount of $ ~6,186-

for Chief Geologist, Exploration and Geological Services Division, Northern Affairs Program for Commissioner of Yukon Territory.

(Does not constitute approval of total on transmittal form.)

PRELIMINARY REPORT ON
EVALUATION OF PLACER MINERALS
GOLDEN SADDLE PROSPECTING LEASES
DAWSON MINING DISTRICT, YUKON

FOR

AURAMET INTERNATIONAL LTD.

BY 120073

PEGASUS EARTH SENSING CORPORATION

Vancouver, B. C.
Canada

February 14, 1986
File: 176-10

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Auramet International Ltd.
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Attention: Mr. William H. Rogers

Dear Sirs:

Please find enclosed our "Report on Evaluation of Placer Minerals Golden Saddle Prospecting leases, Dawson Mining District, Yukon".

This report includes a summary of the history and regional geology and describes bulk testing and mapping conducted in the fall of 1985, and provides recommendations for property exploration and development.

From the information available, we conclude that the claims have placer potential and with the right mine planning could be economic producers of gold and platinum.

We appreciate the opportunity of performing this work for you. If you have any questions or require additional information, please contact us.

Respectfully,

PEGASUS EARTH SENSING CORPORATION

Ian D. Thomson

Ian Thomson
Geologist

IT/sdvg
Encls.

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OVERVIEW AND SATELLITE IMAGE INTERPRETATION

Beginning in 1982 Pegasus Earth Sensing Corporation launched a research program on behalf of yourselves and certain other private interests into the practical feasibility of utilizing digital (computer aided) Landsat imagery for the detection of buried placer river channels. One of the areas of interest chosen for you was the Stewart River area south of the Klondike Gold Fields in the Yukon (Figure 2). Because of our extensive ongoing field work in this area we felt it possible to constantly improve the computer processing techniques we were developing for this application. Field measurements obtained from several projects within this area were used to confirm and update our satellite image interpretations.

A knowledge of possible source rocks, and the Tertiary history is mandatory for an understanding and interpretation of any area. Although we consulted existing geological maps and the data by which they were derived by reviewing the historical data in the Public Archives in Ottawa, we quickly discovered a paucity of geological data on the Tertiary history of the Klondike area. Excellent bedrock lithology maps and Late Glacial derivative maps of the area do exist, but nowhere was it possible to locate accurate information on the all important Tertiary-Early Pleistocene Period in the Stewart area of the Klondike. This very important period (about 60,000,000 years) began when the dinosaurs died out (about 62 million years ago) and ends at the beginning of the last glacial period (about 100,000 years ago). During this period, formation of the gold-bearing White Channel gravels and other potentially auriferous gravels took place. Precious minerals including gold, silver, and platinum were released to the soils and concentrated by rivers in the Yukon.

The low level mountains in the Klondike area of the Yukon including the Stewart River area are subdued and not steep or angular like the Coast Range or Rocky Mountains in British Columbia or Alberta. The fact that river channels flowed in different areas, in different directions, as well as elevations in the historic past, is generally accepted but very rarely documented. Deposition of gravels derived from gold bearing rocks into these ancient river channels has been accomplished by thousands of years of erosion. Although some of these ancient gravels have been reconcentrated in modern river valleys (where they are mined today and historically) others exist as buried stream valleys well removed from the modern drainage. Location of these ancient river channels cannot be determined with modern aerial photography. Certainly one can delineate

benches or terraces but in no way has it been possible to trace river courses across existing water divides by conventional technology.

Some ancient fluvial channels can be traced by drilling and seismic surveys but the cost of this type of exploration becomes prohibitive especially if one misses the thalweg or channel centres.

Beginning in 1982 and continuing to the present, with the financial backing of yourselves and certain of our other private clients, we have been able to develop computer processing routines in conjunction with field mapping, which locate traces of some of the ancient buried river valleys.

In the Stewart River area, we have located two such ancient buried river channels which drain into the ancestral Yukon River (Figure 2). The base of these channels certainly spans a variety of geologic time periods as fluvial gravels are found at a variety of diverse elevations. Nevertheless existing operations working in these areas are recovering placer values of significant economic quantities.

Many of the areas where ancient remnant gravels occur are not staked and are still open today. Others have been blanket staked based on speculation and are being held by a variety of owners. The need to geologically evaluate areas by mapping and field testing of samples prior to acquiring large tracts of uneconomic ground is obvious. Also, even though large areas are blanket staked, the Yukon requirements of work assessment are rigid and expensive. Claims and leases are often allowed to lapse.

However, the ancient buried fluvial channels are often well removed from existing river channels. This fact alone discourages the "placer professional" from staking in those areas. For this reason they have remained undetected except where tributary streams cut through or across the former channels.

The Golden Saddle Prospect, as can be observed from the satellite image (Figure 2), is part of the source area or watershed of the ancient Scroggie/Walhalla channels. Preliminary geological reconnoitering in 1984 on foot and by helicopter revealed evidence for the existence of several remnant ancient stream deposits. The oldest unit forms a graded plateau surface and is 100 to 150 m (300 to 450 ft.) above Walhalla Creek. Younger and topographically lower levels of a

fluvial channel form benches at different elevations as one approaches the Walhalla/Alberta Creek area.

The bedrock areas nearby have contributed gold and platinum to this area as existing operations downstream have recovered these minerals on the first tier benches as well as the creek bottoms. Our own testing on nearby areas for yourselves and others confirm the existence of these minerals. Preliminary reconnaissance type grades established downstream in these younger bench materials range to over $10/yd.3.

The following report sets out the historical and recent investigations in this area.

1.0 INTRODUCTION

1.1 Purpose

Pegasus Earth Sensing Corporation (Pegasus) was commissioned by Auramet International Ltd. (Auramet) to evaluate the placer potential of the Golden Saddle Prospecting Leases in the Dawson Mining District, Yukon Territory.

1.2 Scope

The following scope of work was performed:

(1) organization, preparation and mobilization of equipment and personnel to the properties;

(2) field work including geologic mapping and sampling of gravel benches;

(3) preparation of this report, complete with data summary, maps, conclusions and recommendations.

1.3 Terms of Reference

The completed scope of work was performed in accordance with instructions from Auramet International Ltd., Vancouver, Canada.

1.4 Responsibilities

Ian Thomson, B.A., Surficial Geologist, was in charge of the day to day field operations. He performed the geologic mapping, directed the field sampling and material processing and assisted in all aspects of the field work in addition to logging the test holes. He contributed to the geologic interpretation, gold potential evaluation and writing of this report.

Pat Whiting, B.Sc., geologist, assisted in preparing this report based on information supplied by Ian Thomson.

Wade Creek Mining of Whitehorse, organized the procurement and mobilization of the excavator, and operated the excavator and processing plant.

Gold determinations were completed by Bacon, Donaldson and Associates Limited and gold weighing was completed by Larry Wong, certified assayer of General Testing Laboratories of Vancouver.

2.0 PROPERTY DEFINITION

2.1 Ownership

The prospecting leases which are the subject of this report, are as follows:

Lease #	Owner*	Creek	Type of Lease
PL 7164	James Fedell	Walhalla	1st tier bench
PL 7165	Ronald Empey	Walhalla	creek
PL 7174	John McCann	Alberta	creek

*Transfer of ownership of these claims to Auramet is currently being undertaken.

2.2 Location

Walhalla and Alberta Creeks are located in the southwest part of the Yukon Territory, approximately 100 km (62 miles) south of Dawson and 140 km (87 miles) west of Pelly Crossing (Figure 1). Alberta Creek is a tributary to Walhalla Creek, which in turn is a tributary to Scroggie Creek. Scroggie Creek is a tributary to Stewart River, 35 km (22 miles) upstream of the Stewart and Yukon River confluence (Figures 1, 2 and 3). The property lies within National Topographic System map sheet 115 0/1.

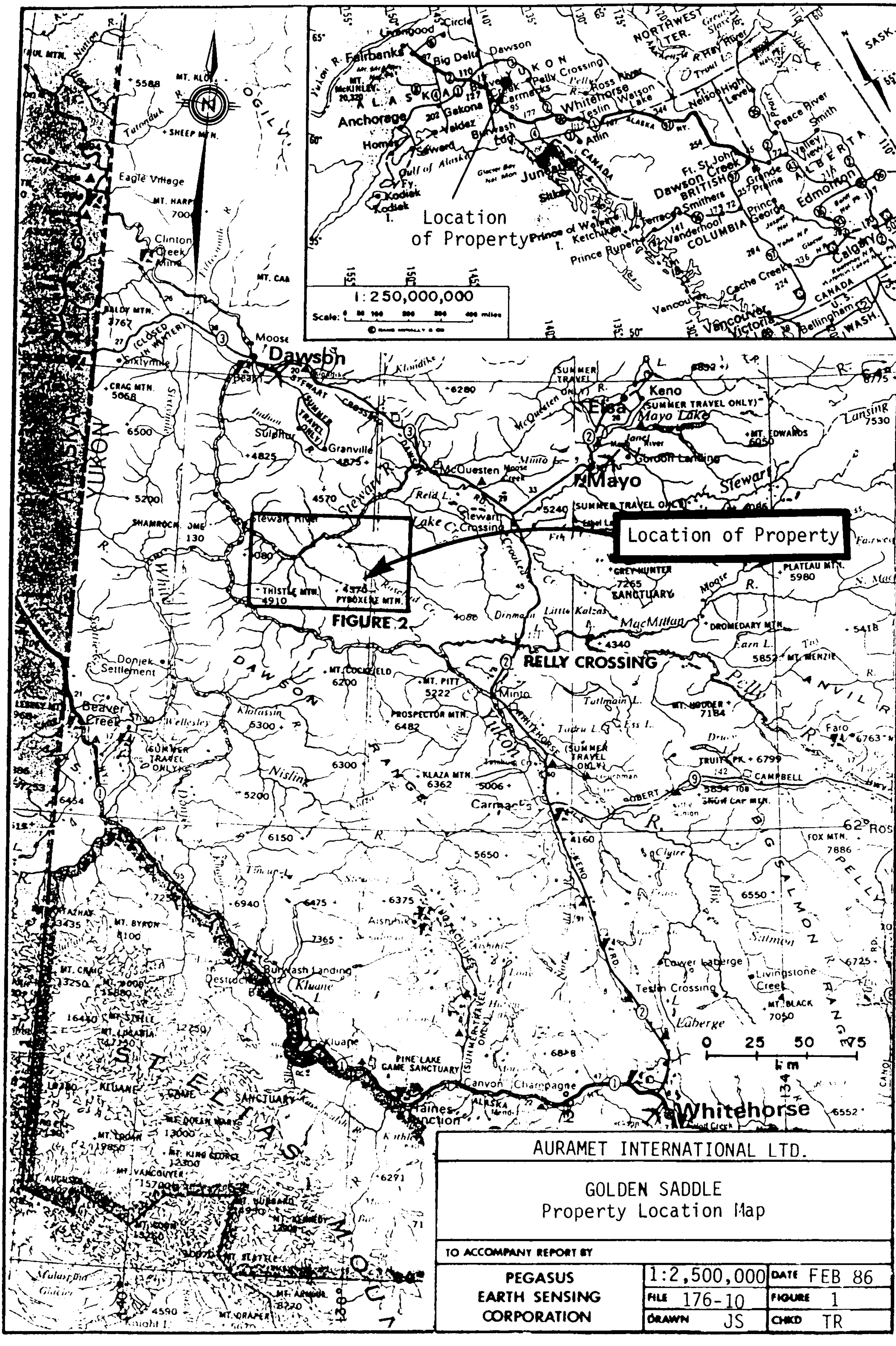
The leases on Walhalla Creek are bench and creek botttom leases which extend for 8 km (5 miles) along Walhalla Creek, and encompass the junction of Walhalla and Alberta Creeks (Figure 4).
The lease on Alberta Creek is a creek bottom lease which extends for approximately 8 km (5 miles) upstream from where the bench lease boundary crosses Alberta Creek (Figure 4).

2.3 Accessibility

Road access to the subject leases from the Whitehorse-Dawson highway is only possible in winter. This access follows the historical Dawson-Whitehorse wagon road which runs west from Pelly Crossing and along Walhalla and Scroggie Creeks (Figures 1 to 3). The closest point to the subject leases that can be reached by all-weather roads is on Black Hills Creek which is located 100 km (62 miles) from Dawson and 35 km (22 miles) from the Walhalla-Scroggie Creek junction (Figure 3).

An airstrip suitable for twin-engined aircraft is located on the south side of Walhalla Creek at the junction of Scroggie and Walhalla Creeks 16 km (10 miles) west of the Golden Saddle leases (Figure 3).

In the early 1900's, summer transport was provided by steamers on the Yukon and Stewart Rivers. Transport by barge of mining and agricultural equipment still occurs on these rivers.

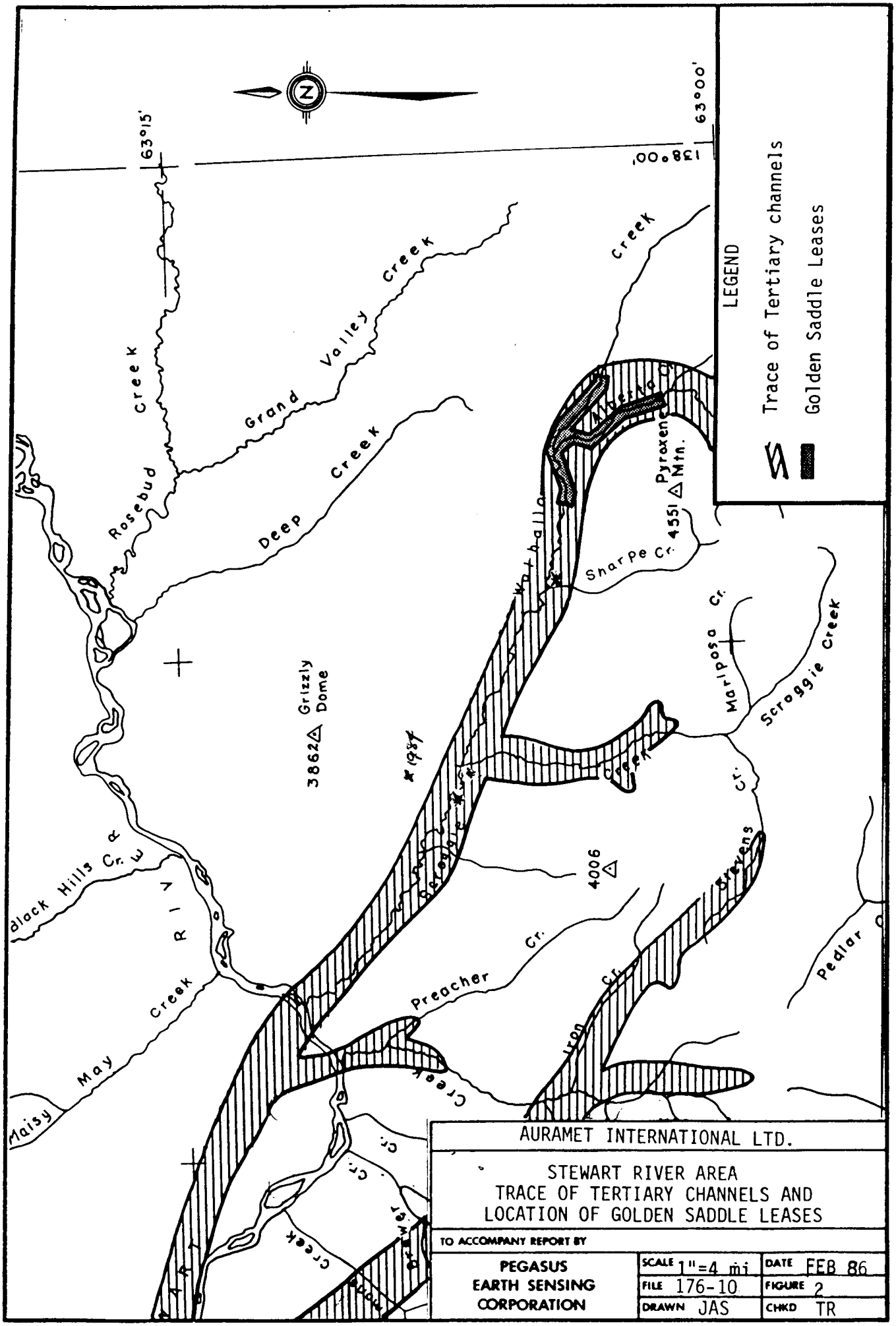


AURAMET INTERNATIONAL LTD.

GOLDEN SADDLE
Property Location Map

TO ACCOMPANY REPORT BY

PEGASUS EARTH SENSING CORPORATION	1:2,500,000	DATE	FEB 86
	FILE 176-10	FIGURE	1
	DRAWN JS	CHKD	TR


LEGEND
Trace of Tertiary channels
Golden Saddle Leases
63°15'
63°00'
138°00'
Rosebud Creek
Grand Valley Creek
Deep Creek
Wolf Creek
Sharpe Cr.
4551 Pyroxene Mtn.
3862 Grizzly Dome
Mariposo Cr.
Scroggie Creek
Black Hills Cr.
Stewart River
May Creek
Maisy
Preacher Cr.
Iron Cr.
Stevens
Pedlar
4006
AURAMET INTERNATIONAL LTD.
STEWART RIVER AREA
TRACE OF TERTIARY CHANNELS AND
LOCATION OF GOLDEN SADDLE LEASES
TO ACCOMPANY REPORT BY
PEGASUS
EARTH SENSING
CORPORATION
SCALE 1"=4 mi
DATE FEB 86
FILE 176-10
FIGURE 2
DRAWN JAS
CHKD TR

AURAMET INTERNATIONAL LTD.

GOLDEN SADDLE PROSPECTING LEASES
ACCESSIBILITY
(NTS 115 O/1)

TO ACCOMPANY REPORT BY

PEGASUS EARTH SENSING CORPORATION

SCALE 1:500,000	DATE FEB 86
FILE 176-10	FIGURE 3
DRAWN JAS	CHKD TR

Site of LeBoeuf & Axel Operations

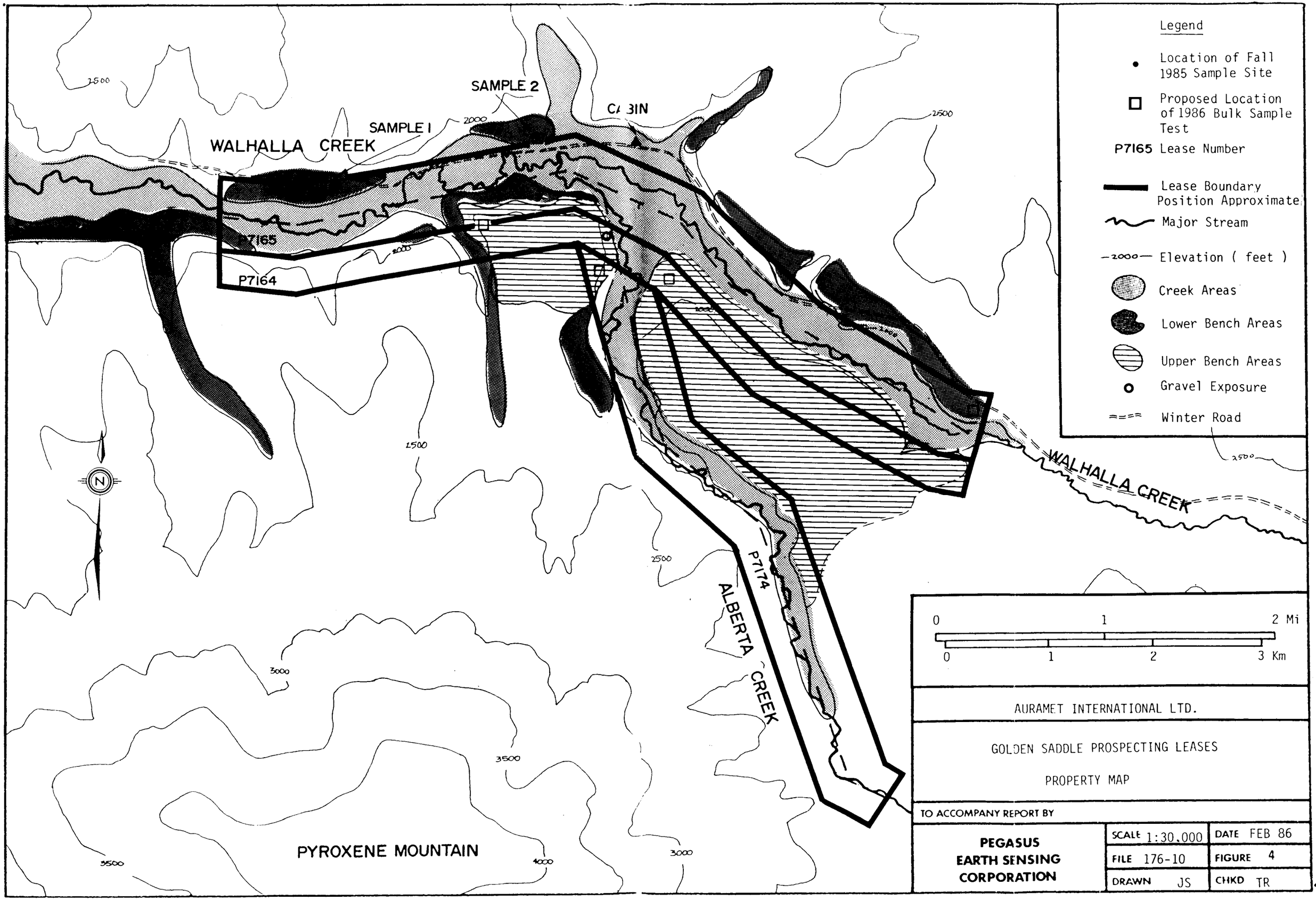
FIGURE 4

Airstrips

Winter road

LEGEND

Area of Figure 2



AURAMET INTERNATIONAL LTD.

GOLDEN SADDLE PROSPECTING LEASES

PROPERTY MAP

TO ACCOMPANY REPORT BY

PEGASUS EARTH SENSING CORPORATION	SCALE 1:30,000	DATE FEB 86
	FILE 176-10	FIGURE 4
	DRAWN JS	CHKD TR

120073

3.0 LANDSCAPE

3.1 Landscape

The Walhalla Creek area is situated in an unglaciated part of the Cordilleran Physiographic Region and is characterized by a plateau area composed of long ridges spreading from a central divide. These ridges are separated by closely spaced small creeks which merge into larger streams in gradually widening valleys. The drainage pattern is radial on a regional scale and dendritic on a local scale. Stream gradients are even and uninterrupted by rapids or lakes. Valleys are V-shaped with sides flaring upwards and diminishing in steepness until the broad, rounded ridges of the upland are reached. Intermittent bedrock terraces carved by ancient streams along many of the larger valleys in the Stewart River area are mantled by variable thicknesses of gravel, sand and soils with thick weathering horizons. These ancient stream levels have more gentle gradients than the present streams.

Elevations in the Walhalla Creek area range from 366 m (1201 ft.) above sea level at Stewart River to 1387 m (4551 ft.) at Pyroxene Mountain. The claims are located at elevation 533 to 692 m (1749 to 2270 ft.) above sea level (Figures 2 and 4).

Forest growth is generally sparse. Trees grow on the flat valley floors as well as in the draws and on the hillsides to approximately 1065 m (3494 ft.) above sea level. Black spruce is the most common of the forest trees. They grow at all elevations up to the timber line. Poplar, birch and white spruce are less common. Level areas are mainly covered with muskeg.

3.2 Climate

At least five months of the year are favourable for surface work. Rivers generally open up in early May and freeze-up starts any time after mid-October. Occasionally rivers remain open until early November. Because of almost continuous daylight during June and July, work in the summer can be conducted around the clock. Winters are cold but not extreme. Precipitation is normally not heavy and approaches semi-arid conditions during some seasons. Nearly all of the surficial materials are perpetually frozen (permafrost) from close to ground surface down to bedrock in the creek claims. Benches and higher

plateaus generally have less permafrost as the gravels are often exposed at the surface. In summer melting generally does not extend deeper than 1 m (3.3 ft.) below the ground surface except on the benches.

4.0 HISTORY - SCROGGIE-WALHALLA CREEKS AREA

4.1 1898 to 1915

Following the discovery of gold in the Dawson area in 1896 and the subsequent gold rush, a number of tributaries near the confluence of Stewart and Yukon Rivers were stampeded and staked during the latter part of 1898 (Figure 2). Scroggie Creek was "discovered" by J. G. Stephens and H. le Duke on August 27, 1898. This discovery took place 10.8 km (6.7 miles) upstream of the Scroggie-Walhalla Creek junction. On the same date, two claims above Discovery were staked by the Scroggie brothers.

The Scroggie concession, extending 4 km (2 1/2 miles) above to 4 km below Discovery, was held by E. B. Scroggie from October 1900 to April 1906. The total gold recovered from this property probably did not exceed 118 to 176 oz. Based on a gold price of $17/oz., this gold would have been worth $2,000 to $3,000 at the time. After April 1906 some of the claims were staked on the same ground by others, but minimal prospecting and mining was carried out.

In 1911, significant amounts of gold were reportedly discovered 2.4 km (1.5 miles) above Discovery. In the first year it was reported that 353 oz. of gold were recovered. By September 1915, 1,176 oz. of gold were recovered. Base lines on Scroggie, Walhalla, and Alberta Creeks were surveyed in 1912.

Mining in the early part of this century was mainly confined to the valley bottoms although gold on benches of Eldorado Creek near Dawson had been discovered in 1897. Mining was done by drifting, the frozen gravels were thawed by wood fires and later by steam thawing. Extensive shafts were located on Alberta Creek during the staking of the Golden Saddle leases.

In 1911, Albert Le Boeuf constructed a cabin at the junction of Sharp and Walhalla Creeks (Figure 2). Le Boeuf recovered gold and platinum reportedly in equal amounts from the high bench above Walhalla and Sharp Creeks.

The total amount of gold produced during 1898 to 1915 from Scroggie Creek and its tributaries is estimated to 2,940 to 4,410 oz., but might be as high as 5,880 oz. Gold assays performed on placer gold during this period yielded fineness values ranging from 891 to 930.

4.2 1916 to 1945

From 1916 to 1933, it appears that mining activities in the area were in decline. From 1932 to 1935, gold gradually increased in value from U.S. $20.67 to $35.00/oz. This resulted in an intensification of operations. From 1932 to 1935, gold gradually increased in value from U.S.$20.67 to $35.00/oz. This resulted in an intensification of operations.

G.S.C. reports from this period state that in 1935, "a miner working on a bench of Scroggie Creek below the mouth of Walhalla Creek has been recovering a considerable percentage of platinum with his gold." This miner was probably Mr. Le Boeuf, who mined in the Scroggie Creek area until 1938. A Mr. Greer is reported to have worked the Walhalla and Scroggie confluence area sometime during the 1920's and 1930's. The remains of his cabin can still be seen on the east side of the junction.

Each year from 1934 to 1940, only a few mines were active in the area, but no placer claims were in good standing.

From 1941 to 1945 there were placer leases (probably above Discovery) in good standing on upper Scroggie Creek. These were probably held by Numalaka Mining Company Limited which reportedly prospected from 1944 to 1945, and drilled in 1945. The company did not prove sufficient values to warrant further development within the creek claims.

4.3 1946 to 1970

By the end of 1945, increasing labour and supply costs caused the demise of most of the mines in the area. The continuation of this trend, coupled with a fixed gold price, resulted in large scale closing down of gold mining operations throughout Canada during the late 1940's.

In 1948, the Federal government introduced the Emergency Gold Mining Assistance Act. Gold production was subsidized by lowering the royalty to 22 1/2%. Mining then recommenced at most placer mines in the Yukon Territory.

From 1955 to 1958, the Walhalla Creek area received a Federal subsidy on 1758.5 oz. gold, which probably refers to the activities of George Fant and Ivor Norbeck during 1951 to 1955 on Scroggie Creek.

Placer mining in the Yukon Territory was low-keyed from 1956 to 1974. In the mid-1960's most placer operations had ceased and by 1966 the last dredge had shut down.

4.4 1970 to 1983

Rising gold prices in the early 1970's created new interest. By 1974, most of the historic producing streams, and many streams flowing through unfavourable geological settings had been staked.

During 1980 and 1981, Mr. H. Axel worked the bench on the south side of Scroggie Creek 1.8 km (1.1 miles) downstream of the junction of Scroggie and Walhalla Creeks (Figure 2). This is partly the same area as worked in 1935, and tested in 1984 (referred to as the Scroggie area in Section 6.0). Reportedly, 100 to 200 oz. of gold were recovered in 1980, and 1400 to 1500 oz. during one month in 1981 for a total of 1600 oz. Records from Delta Smelting and Refining Co. Ltd. reveal that 1,624 oz. of gold were reported from Scroggie Creek during this time. Territorial Gold Placers Ltd. reportedly mined upstream of the Scroggie-Walhalla Creek junction during this period, so some of this gold may have been produced by them in addition to H. Axel.

4.5 Summary 1898 to 1983 (Table 1)

Drainage areas of all creeks near the Stewart-Yukon River confluence are underlain by rocks of the same geological units as in the Walhalla Creek area. All creeks have probably been prospected in the past. Mining operations have been and are still carried out in several of the creeks, the most famous of which are Scroggie, Barker, Thistle, Kirkman and Brewer. In yearly reports, these creeks are always favourably mentioned as having placer gold potential.

It is clear that most tributaries of the Stewart and Yukon Rivers near their confluence have supported small operations in the 1900's. Some work has probably also been done on creeks which are not mentioned in earlier reports. From the available reports, it seems that all major mining in the Scroggie-Walhalla Creek area in the past was confined to Scroggie Creek upstream of the Walhalla Creek junction. All major mining before 1950 appears to have been done in the valley bottoms. Some information exists downstream of the Scroggie-Walhalla junction. A few prospect holes were completed in the valley downstream of the junction, but no details are available. Platinum was recovered with gold on a bench below the mouth of Walhalla Creek in 1935 (probably the Scroggie area in Section 5.1). Mining was completed by Herman Axel in the same area in 1980 and 1981, and reportedly 1,600 oz. were recovered of which 1,100 to 1,400 oz. were recovered in one month.

Little information is available about Walhalla Creek and Alberta Creek even though extensive ground sluicing was performed on Sharp and Walhalla bench gravels (ancient channel), and old workings are reported to exist in Alberta Creek. The full potential of most of the creeks in this area has never been explored because of the large and more easily accessible gold reserves that were discovered and worked in the Klondike area near Dawson. In addition water for processing would have to be pumped at least 100 m (328 ft.) uphill to sustain an operation. This type of technology was not feasible in the past but certainly is today.

TABLE 1 - GOLD RECOVERY FROM
SCROGGIE AND WALHALLA AREA 1900 TO 1981

DATE	AREA	GOLD REPORTEDLY RECOVERED (TROY OZ)	VALUE IN 1985 DOLLARS (CAN)
1900-1906	Upper Scroggie	118-176	48,300.00-72,000.00
1911 (?)	Upper Scroggie	353	144,500.00
1915	Upper Scroggie (?)	1,176	481,600.00
1898-1915	Estimated total of all gold recovered from Scroggie and Walhalla Creeks	2,940-4,410 (?)	1,204,000.00-1,806,000.00
1953-1955	Scroggie Creek	666.07	272,800.00
1980-1981	Lower Scroggie Creek (1985 Test Area)	1624 (50,000 yd^3 est.)	665,000.00

* Gold - $450.00/oz. (Canadian)

5.0 REGIONAL GEOLOGY

5.1 Bedrock Geology

The Walhalla Creek area forms part of the Yukon Cataclastic Complex, a tectonic metamorphic unit characterized by high pressure and a relative low temperature metamorphism. Rocks in this Complex consist mainly of Paleozoic metasediments and metavolcanics of the Big Salmon Metamorphic Complex and Nasina Series (gneisses and schists with some quartzite, limestone, slate and greenstone) with widespread Paleozoic granodiorite (Pelly Gneiss) and some small ultrabasic intrusions. These rocks were metamorphosed during the Triassic and Jurassic Tahltanian and Inklinian orogenies (210 to 190 my). Post-orogenic granitic intrusions of Cretaceous age (Coast Intrusion) are fairly widespread and often cover large areas. In a few localities intrusions of Tertiary age occur.

The following rocks all occur in the drainage area of Walhalla and Alberta Creeks: mica schists and gneisses, quartzite schists and gneissoid quartzite, kyanite and garnetiferous granitic and pegmatic rocks. Occacional dykes and other small intrusive masses of semi-basic to basic rocks also occur. The subject claims are underlain by Cretaceous coarse white granite, and gneisses, schists and limestone of the Nasina Series and a small Tertiary acidic intrusive body. Exposures are scarce and occur mainly in the steeper parts of the valley walls along the creeks. Of particular interest is Pyroxene Mountain underlain by a body of massive coarse green pyroxenite. Similar ultramafic bodies are commonly the source of placer platimum and chromite.

The source of the placer gold in the area is not conclusively known, but possible sources are: the Nasina gneisses and schists which underlie much of the drainage basin of Scroggie and Walhalla Creeks, or quartz veins associatied with Cretaceous granitic intrusions.

5.2 Tertiary-Quaternary Geology

The Yukon Plateau represents a region which was extensively planated (pre-Paleocene to post-Eocene) during a long period of crustal stability (Early Tertiary). This period was followed by a widespread uplift (late Miocene, Pliocene or early Pleistocene) and

rejuvenation of streams, which rapidly incised their channels in the new upland are indicated by occasional straight-topped ridges. Bedrock is mostly obscured by products of rock weathering and other surficial accumulations.

A marked feature in connection with the valleys are the terraces, with one main terrace characterizing each creek. The terraces are overlain by stream gravels of several depositional cycles and represent former, higher positions of the streams. Because of a local uptilt of the land surface or a sudden change in drainage pattern of the main rivers, in the last 8,000 years, streams started incising again. This resulted in quite abrupt rock walls rising to the elevation of the former stream positions, or what constitutes the present terraces and the deeper, more constricted channels.

No large scale, continental glaciation took place in this part of the Yukon Plateau during the Pleistocene Epoch. However, in the large valleys, such as the Stewart River, small local valley glaciers have been present for short times. During the Pleistocene, the area was located in the periglacial or cold climate belt.

Because the valley shapes were not affected by ice, they reflect dominantly fluvial valley development. These shapes range from the V-shaped youthful small creeks (tributaries of Scroggie Creek) to the flat-bottomed mature creeks (Scroggie and Walhalla Creeks) and very wide late mature rivers (Stewart River).

6.0 1984 DEVELOPMENT WORK

In September 1984 a testing program was conducted downstream of the Golden Saddle leases on Walhalla Creek by Reimchen Urlich Geological Engineering. Geologic reasoning indicates that the material tested is similar to material in the Golden Saddle leases, and therefore these test results can be taken as being indicative of the material in the Golden Saddle leases.

Geologist Ebo Bakker spent one day reconnoitering and mapping areas along Alberta and upper Walhalla Creeks including the area now underlain by the Golden Saddle leases. In

addition, the leases were visited twice by geolgists and once by Ebo Bakker during helicopter reconnaisance surveys. The size and morphology of bench and creek bottom areas was studied and bedrock and gravel exposures were noted. A high plateau exposure of brownish gravel and sands located near the junction of Alberta and Walhalla Creeks (Figure 4) was examined during the mapping program. These gravels are remnants of the ancient channels originally detected by satellite (Figure 2).

In September 1984, two areas adjacent to the Golden Saddle Leases were tested. The first is located on a bench on the south side of Scroggie Creek, downstream of the Scroggie-Walhalla Creek junction and is referred to as the Scroggie area. Fourteen channel samples ranging from 0.66 to 0.82 $yd.^3$ were excavated from existing trenches, screened and concentrated in a 12-inch spinning barrel concentrating plant and further concentrated on a Deister shaking table.

The second area is located upstream, on a bench on the south side of Walhalla Creek, at the junction with Sharp Creek (Figure 2), and will be referred to as the Le Boeuf area. This area is immediately downstream of the Golden Saddle Prospect . Four samples ranging from 0.5 to 3 $ft.^3$ were taken by shovel from the top 1.2m (4 ft.) of virgin material at the edge of operations worked by Le Boeuf, mentioned in Section 4.1. The samples were screened and panned.

The Scroggie samples (Table 2) yielded an average of 0.0128 $oz/yd.^3$ (Can. $5.33/$yd.^3$) in the lower 2.7m (9 ft.) and an average of 0.000858 $oz/yd.^3$ (Can $0.35/$yd.^3$) in the upper 1m (3 ft.). The Le Boeuf samples (Table 3) yielded an average of 0.0042 $oz/yd.^3$ (Can. $1.78/$yd.^3$). Dollar values are calculated based on a gold price of Can. $450/oz. Part of the gold obtained was assayed and part was weighed as free gold. For the weighed gold, fineness was taken into account when calculating dollar values.

7.0 FIELD TESTING PROGRAM - 1985

7.1 Organization

The field testing program was conducted from September 28 to November 23, 1985. Pegasus personnel departed and returned to Vancouver on September 24 and November 28,

TABLE 2 SCROGGIE AREA TEST RESULTS - 1984

GEOLOGIC UNIT	SAMPLE NUMBER	VOLUME * (yd^3)	GOLD CONTENT (oz/yd^3)	GOLD VALUE ** (Can $/$yd^3$)
Upper Gravels	SC-4	0.82	0.0001	0.04
	SC-5	0.66	0.0001	0.03
	SC-6	0.66	0.00001	0.01
	SC-7	0.66	0.00002	0.01
	SC-9	0.66	0.0002	0.10
Middle Gravels	SC-3B	0.66	0.00005	0.02
	SC-8	0.66	0.0003	0.13
	SC-10	0.66	0.0003	0.13
	SC-11***	0.66	0.0065	2.95
	SC-12***	0.49	0.0010	0.45
Lower Gravels	SC-1	0.74	0.0157	7.05
	SC-2***	0.66	0.0237	10.70
	SC-3A	0.66	0.0025	1.15
	SC-13	0.66	0.0094	4.25

TABLE 3 LE BOEUF AREA TEST RESULTS - 1984

GEOLOGIC UNIT	SAMPLE NUMBER	VOLUME * (yd^3)	GOLD CONTENT (oz/yd^3)	GOLD VALUE ** (Can $/$yd^3$)
Gravel and Sand and some weathered bedrock	LW-1	0.11	0.0041	1.85
	LW-2	0.04	0.0125	5.60
Gravelly sand and weathered bedrock	LW-3	0.02	0.0001	0.05
	LW-4	0.02	0.0001	0.05

*Insitu material volumes were calculated on the basis of a 1.3 swell factor

**Gold values are based on a price of Can. $450.00/oz. and fineness of 0.91 for weighed gold

***Fire assays for platinum and chromium of sub-samples of S-2, 11, 12, yielded values of less than Can. $0.01/cu.yd. for the insitu material

respectively. Wade Creek Mining personnel were on site October 12th to November 23rd under the direction of Mr. Thomson.

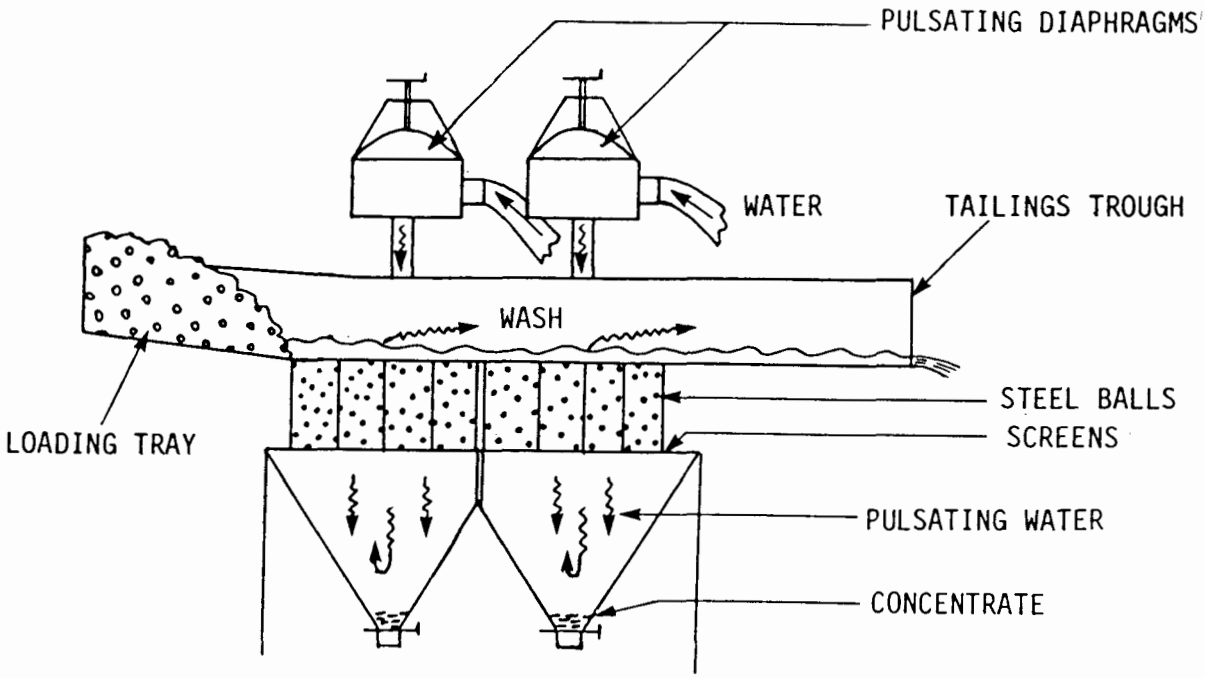
A rented Caterpillar 931 Traxcavator was trucked from Prince George, B.C. to Whitehorse, Yukon. There, it was dissassembled and loaded into a twin engine Caribou aircraft contracted from Air North Ltd. of Whitehorse. The excavator was flown in two trips to an airstrip near the junction of Scroggie and Mariposa Creeks, which is near the subject leases (Figure 3). A two-diaphragm Spriggs jig was flown in to the property on September 28 and was used as the primary processing unit during the bulk sampling. Two Honda "Big Red" three-wheeled motorcycles were used to transport personnel and gear around the property.

7.2 Sampling, Mapping and Bulk Testing

While Ted Reimchen of Auramet was on site a helicopter reconnaissance was made of Walhalla, Sharpe, Alberta and Scroggie Creeks. The purpose of this survey was to determine areas for mapping and bulk sampling locations. Over the next few days, geologic inspection of the 1984 test sites was made, 18 bulk sampling locations were identified and of these, 6 areas were on the Golden Saddle leases (Figure 4).

After assembly, the excavator arrived in the Walhalla Valley on October 15. Air temperatures of -20 to -40^{o}C (without windchill) necessitated running the bulk sampling indoors so that the Spriggs jig would not ice up while running. One of the plywood shacks from the 1981 mining operation on Scroggie Creek was borrowed and towed to the large pond filling the 1981 mining pit. The shack was altered to enable the bulldozer to dump sample material directly inside so field personnel could feed the jig in a semi-heated area. In spite of having to feed the jig by hand shovel, one cubic yard per hour could be run. The two compartments beneath the jig screens were cleaned out after every 1/2 yd.^{3} processed and the concentrate bagged and labelled for transport to Vancouver. Each cubic yard of material produced approximately 4 kilograms (10 pounds) of concentrate. Immediately after each dump, the concentrate was panned and checked for gold content.

Bulk samples were excavated using the 1/3 yd.^{3} hoe bucket attached to the bulldozer and transported to the processing shack in the bulldozer bucket. For volume calculations 250 shovels were taken to represent 1 cubic yard. This was determined by counting the



AURAMET INTERNATIONAL LTD.

SPRIGGS JIG-SCHEMATIC

TO ACCOMPANY REPORT BY

PEGASUS EARTH SENSING CORPORATION

SCALE		DATE DEC 85
FILE 176-10		FIGURE 5
DRAWN JAS		CHKD TR

shovels required to fill the 1 yd.^{3} bulldozer bucket and by referencing past testing results. Ian Thomson supervised collection of the samples, prepared detailed logs and photographed the sample locations and continued with geologic mapping of the property. Mechanical problems with the bulldozer and extremely cold weather with heavy snowfalls hampered the testing program.

Nine test pits were excavated from sites along Scroggie Creek downstream of the confluence of Walhalla and Scroggie Creeks and from five of them bulk samples ranging from 0.5 to 9.0 yd.^{3} (.38 to 6.92 yd.^{3} insitu) were processed (Table 4). All five samples consisted of material directly above, within, or near bedrock as the 1984 testing indicated that this stratigraphic interval had the highest gold values. Each test pit (TP 1 to TP 9) was measured for volumes moved, described stratigraphically, sampled for raw material and photographed (and in some cases video-taped). The raw samples for test pits 1 to 9 were returned to Vancouver along with the bags of jig concentrate from pits 5 to 9.

After finishing testing of other leases, the field crew began to move equipment up the valley to the Golden Saddle leases. The planned testing consisted of bulk sampling a minimum of 6 locations at 10 yards per sample. Unfortunately, the excavator broke down 3 kilometers (1.8 miles) from the Golden Saddle leases so the proposed testing could not be completed. Mr. Thomson continued the 1984 field mapping and hand sampled 2 of the 6 bulk sample sites. The nature of the benches and composition of the gravels in the Golden Saddle leases are very similar to tested gravels immediately downstream on Walhalla Creek. Therefore, geologic comparisons of these test results are indicative of the values in the material of the Golden Saddle leases.

8.0 SURFICIAL GEOLOGY

8.1 Introduction

Surficial materials in the subject leases consist of "bench gravels" located in terraces and plateaus and "creek gravels" present on the valley floors or flood plains (Figure 4). The area and location of the benches and valley floors have been measured from air photographs and surveyed during 1985 field mapping. The thickness and lithology, of the surficial material in the Golden Saddle leases has been investigated and with the

TABLE 4 - SCROGGIE AREA BULK TEST RESULTS - 1984/1985

TABLES 4 & 4A - TESTS CONDUCTED NEAR GOLDEN SADDLE LEASES

SAMPLE NUMBER 1984	1985	VOLUME PROCESSED (YD^3) 1985	INSITU VOLUME (YD^3) 1985*	GOLD CONTENT (oz/YD^3)	GOLD VALUES (CAN. $/$YD^3$)** 1984***	1985	GEOLOGIC UNIT-1985 (NOTES)
SC-11	T.P.-5	9.0	6.92	0.0363	2.95	2.15 (3.55)	Bedrock with some gravels (Material not frozen)
SC-1	T.P.-6	9.0	6.92	0.0386	7.05	2.28	Gravels plus some becrock (Frozen)
SC-2	T.P.-7	4.5	3.46	0.0057	10.70	0.67	Lower Gravels (Frozen)
SC-3	T.P.-8	4.5	3.46	0.0398	1.15	4.71 (103.00)	Lower Gravels plus some weathered bedrock (?) (Not frozen)
SC-13	T.P.-9	0.5	0.38	0.0070	4.25	7.45	Bedrock plus some gravel (Frozen)

(3.55) (103.00) Fire assay of tails after amalgamation.

*Insitu material volumes were calculated on the basis of a 1.3 swell factor.

**Gold values reflect the value per cubic yard in the ground. Gold values are based on a price of $450.00/oz (American $337.00/oz) and a fineness of 0.91 for weighed gold.

***1984 testing was done under optimum weather conditions.
1985 testing was hindered by very cold weather (Section 7.0)

Gold values obtained by fire assay ranged from Canadian $2.19 to $197.93/$yd^3$ (Table 4A). The $197.93/$yd^3$ value is probably due to a nugget not recovered by amalgamation. Because of the small number and size of samples analyzed, this high value ($197.93) should not be used to calculate mathematical averages. All the values obtained should be treated as tentative. It should also be remembered that fire assay yields total gold values, that is free gold ranging from micron to nugget size, as well as gold bound up within other minerals such as pyrite. The gold which can economically be recovered by a production plant is always less than the total assayed gold. The results given in Table 4A indicate that significant amounts of gold are present in the amalgamation tailings tested and therefore amalgamation did not recover all of the gold in the samples. The amounts of gold in the tailings is the order of 100% of the amount obtained by amalgamation. Therefore, the gold values given in Table 4 may be in the order of 100% too low. It should be stressed that these results are only indications.

TABLE 4A - FIRE ASSAY OF AMALGAMATION TAILS - SELECTED SAMPLES - 1985

SAMPLE NUMBER	ASSAY NUMBER	OZ/SHORT TON GOLD*	OZ/SHORT TON SILVER*	VALUES** $/$YD^3$ GOLD	$/$YD^3$ SILVER
T.P.5 (-20 mesh)	#8 Sub Lot A	0.036	0.02	4.92 (3.55)	0.01
	#8 Sub Lot B	0.016	0.02	2.19	0.01
T.P.8 (-20 mesh)	#4 Sub Lot A	0.070	0.02	4.79 (103.00)	0.01
	#4 Sub Lot B	2.906	0.20	197.93	0.18

(3.55) (103.00) Average value ($/$yd^3$) gold.

*Values obtained from fire assay of one standard assay ton of 29.1666 grams of sample.

**Values are based on a price of Canadian $450.00/oz (American $337.00/oz) for gold and Canadian $8.00/oz (American $6.00/oz) for silver. Values calculated using 1 short ton = 2000 pounds and one cubic yard = 3000 lbs. Table 4A values reflect values processed $yard^3$. See Section 8.2

Note: Certificate of Assay in Appendix I dated December 30, 1985.

knowledge of similar materials in nearby areas, an accurate surficial geology description can be made.

8.2 Organics

All valley floor materials are overlain by a layer of organic material and soil which is not normally more than 3 m (10 ft.) thick. Bench and plateau surfaces generally contain small thicknesses 0.2 to 2 m (0.7 to 6.6 ft.) of organic muck.

8.3 Creek Materials

No creek gravels were tested during the September testing program in nearby areas. Information on these gravels is therefore only available from past mining. In areas where they have been explored, such as above the Scroggie-Walhalla Creeks junction, the creek gravels are shallow and usually overlain by thin overburden deposit. Depth to bedrock ranges from 1.8 to 5.2 m (6 to 17 ft.) with 1.2 to 2.7 m (4 to 9 ft.) of gravels. The Walhalla and Alberta Creek gravels, are expected to be mostly derived from ultrabasic and gneissose rocks and to be typical stream deposits of average texture, with large boulders being rare. The creek gravels are locally covered with material slumped from the benches or with fan deposits from tributaries.

Historically, gold distribution in creek gravels was found to be erratic, being dependent not only on the retaining character of the bedrock, but on the bench deposits above. Significant amounts of gold were normally found opposite or just below a small tributary or slide from the upper benches, indicating that gold in the present creek gravels must have originated from the bench gravels. On Scroggie Creek, between Discovery and Mariposa Creeks, gold was reportedly coarse and chunky, and occurred mainly as 1.6 to 8.2 g nuggets of 900 fineness, with very little under 0.4 g. The gold is represented as occurring in small, irregular channels, erratically distributed across the valley bottom. Gravels in one claim contained numerous boulders up to 90 cm (3ft.) long. The creek gravels in the subject claims are not much different.

8.4 Bench Materials

Two levels of benches were identified in the lease areas by aerial photograph and satellite interpretation and field study (Figure 4). These two levels are interpreted to be remnants of former channels of Walhalla Creek and its tributaries and have been traced for extensive distances by Pegasus using satellite image interpretation techniques. The former or ancient channels of Walhalla Creek flowed along a wide floodplain extending across the Walhalla Creek valley. These ancient channels cut bedrock terraces, and deposited gravels and sands. The materials in the benches are therefore derived from the Walhalla Creek drainage basin adjacent to and upstream of the leases.

Bench materials were the only ones sampled during the 1985 testing program . Interpretation of all data obtained was that materials exposed in all test sites are facies of at least three different units which are river deposits consisting of gravels and silts. The silt layers are light brown to grey in colour and range from silt to sand in grain size The silty layers often contained sandy lenses and vice-versa. The gravel layers are generally medium grained gravels having few clasts over 30 cm (1 ft.) in diameter. The gravels are framework supported, show a poor preferred orientation, consist of moderately to well-rounded clasts, and is estimated to average 3.4 m (11 ft.) in thickness.

Material on the benches in the subject leases consists of gravel overlain by organic muck. This is based on geologic reasoning, observation of a gravel exposure in the leases and testing in nearby areas. However the true nature of this material will only be known by bulk testing.

Gold recovered by past miners on the bench near the Scroggie test area is reportedly smaller than the gold from the mined areas upstream, although still of "nugget size". No fine gold was recovered. The gold was reported to be flat and to look more travelled. The gold appeared to be present in pockets and richest in the 0.3 m (1 ft.) zone above bedrock. Platinum was reported to be present in significant amounts. In the Golden Saddle leases, platinum values may be higher than elsewhere, because of their proximity to Pyroxene Mountain which is underlain by ultrabasic rocks and is supposedly the source of the platinum.

9.0 VOLUMES AND GRADES

9.1 Volumes

Volume estimates were calculated using areas and thicknesses of bench and valley bottom material. Areas were identified using aerial photograph interpretation techniques, measured by planimeter, and spot field checked in 1985. Material thicknesses were estimated based on field notes, nearby areas tested and/or historical data. Therefore area measurements are known with a fair degree of confidence. Thicknesses are, for the most part, inferred, and volumes, being derived from the area and thickness estimates, are also inferred. The thickness figures are estimates of gravel only and do not include organic "muck" in the creek claims.

Within the Golden Saddle leases, upper and lower level benches were identified (Figure 4). In the upper benches, 4,450,000 m^3 (5,810,000 $yd.^3$) and in the lower benches 2,100,000 m^3 (2,750,000 $yd.^3$) of unconsolidated material is estimated to exist based on an estimated average thickness of 2 m (6.6 ft.) and 3 m (9.8 ft.) respectively. In the valley bottom areas, 7,540,000 m^3 (9,860,000 $yd.^3$) of material are estimated based on a thickness of 2.5 m (8.2 ft.).

Within the Alberta Creek leases, 2,990,000 m^3 (3,910,000 $yd.^3$) of valley bottom material is estimated based on a thickness of 2.5 m (8.2 ft.).

Outside of, and immediately adjacent to the lease areas, the following volumes of material are estimated to exist on Walhalla Creek between Sharp and Alberta Creeks: In the valley floors, 7,400,000 m^3 (9,600,000 $yd.^3$) and in the benches 13,000,000 m^3 (17,000,000 $yd.^3$).

9.2 Grades

No grades can be accurately given for the Golden Saddle ground since the area has not yet been bulk tested. However, our geological mapping/testing in nearby areas has allowed us to separate "pay" gravel layers from barren ground. Of course daily testing during mining operations will determine in detail what will be classified as overburden.

The economic grade of a property is only really known after mining has been performed. Our experience combined with testing (Tables 2,3,4,4A) and knowledge of the previous operations (Table 1) has allowed us to make the following conclusions:

1) Economic mineable ground in the entire property is estimated to total 8,560,000 yd.3 of bench and 9,860,000 yd.3 of valley bottom gravels.

2) Recoverable gold will range between Cdn. $6 - $10/yd3 based on a gold price of Cdn. $450.00/oz. (U.S. $337.00).

3) Mining costs including overburden removal should not exceed Cdn. $4.60/yd.3 (Section 10.3) if mining equipment is contracted. Mining costs will be $3.50/yd.3 if the machinery is acquired by the operators. These costs are applicable if volumes of 80-100 yds.3 hour are moved in a ten-hour day.

10.0 MINING CONSIDERATIONS

10.1 General

Future testing or mining in the Golden Saddle area will have to take into account the following considerations:

The ease with which heavy equipment is transported to the ground is greatly controlled by the time of year in which it is done. March and April are the ideal months in which to move equipment since the ground is frozen solid enough to carry heavy equipment but ambient temperatures are not so low as to pose problems for equipment and personnel.

Permafrost is present in most bench areas. Consequently, stripping of vegetation prior to mining is necessary in order to thaw out the ground. Previous mining operations cleared an area measuring 1,000 m (3,300 ft.) by 600 m (2,000 ft.) which could be mined the first two seasons.

Mining equipment used will have to be the most reliable available, and personnel at the site should be sufficiently skilled and well equipped to undertake most repairs. Our

experience with mining operations in remote areas has shown that downtime caused by equipment breakdowns is one of the biggest factors affecting the profitability of an operation.

10.2 Recovery Criteria

Sieve tests were conducted in 1984 on gold from nearby Barker Creek 30 km (19 mi.) to the west of the subject leases. The results indicated that 80% of the gold was between .85 and 4.75 mm (40 mesh and 4 mesh). For the remainder, 10% of the gold was coarser and 10% of the gold was finer. Consequently, we feel that a spinning barrel plant in combination with a sluice box would be the most effective recovery method, keeping in mind the need for simplicity.

10.3 Operating Costs

The following breakdown of operating mining costs was calculated from known costs of other Yukon placer mines. These are operating costs only and do not include mobilization, transport, purchase of recovery plant, clearing and preparation of ground in the Golden Saddle area.

Summary of Estimated Operating Costs - All Items Are Dollars Per Hour (Canadian)

Contracting Rates

(Costs will be 50% less if machinery is owned)

Equipment

Caterpillar D-9 (includes labour, repairs not fuel)	$105/hr.	
Caterpillar 916 Loader	70/hr.	
Small Hoe (1/2 yard bucket)	50/hr.	
	$225/hr.	$225/hr.

Fuel

D-9	15 gallons/hr.
Loader	10 gallons/hr.
Hoe	11 gallons/hr.
Water Pump	6 gallons/hr.
Generator	8 gallons/hr.
TOTAL	50 gallons/hr. x $2.75 = $138/hr.

Labour

Geologist	$ 5,000
Supervisor	5,000
Plant Operator	(4,000 - included in equipment)
Operator	(4,000 - included in equipment)
Gold Room	4,000
Labourer	(4,000 - included in equipment)
Cook	
	$17,000 per month ÷ 30 days
	÷ 12 hours/day - $ 48/hr.

Camp

$30 per day x 6 people ÷ 10 hours =	$ 18/hr.

Plant Repairs	$ 15/hr.

Other

Accounting	
Geologic Supervisor	
Government Costs	
Testing	
Tailings Ponds	$ 20/hr.
Reclamation	
Contingency	
TOTAL OF ALL COSTS	$460/hr.

Assuming a plant capacity of 100 yards per hour, the break even point for the ground being processed would be:
$460 per hour ÷ 100 yards per hour - $4.60 per yard.

If large machinery is purhcased operating costs would be reduced to about $3.50 per yard assuming that 100 yd.^{3} per hour is processed.

11.0 CONCLUSIONS AND RECOMMENDATIONS

The 1984 testing program revealed three layers of superimposed gravels divided into upper middle and lower units. The lower and middle gravels were shown to contain economically significant placer gold values ranging above Cdn. $10.00/yd.^{3}.

The 1985 bulk testing program, although hampered by freezing cold weather and equipment problems, confirmed economic grades in the lower and middle gravel units.

The Golden Saddle claims and leases, covering a large area, have been mapped geologically and bench gravels of potential economic significance delineated. In total volume available is 8.5 million cubic yards of mineable bench gravels and another 9.9 million cubic yards of creek gravels. None of the creek claims have been sampled. The small scale testing and mapping programs conducted in 1984 and 1985 have produced encouraging results. From the information obtained, we conclude that the claims have placer potential and with the right mine planning could be economic producers of gold and platinum.

We recommend that a mobile 100 yd.^{3}/hr. pilot plant be acquired for large scale bulk testing. The pilot plant should be capable of processing 25,000 cubic yard (or larger) samples from several areas delineated by the 1984-1985 small scale testing and mapping programs (Figure 4) The results of the bulk testing would determine the amount and variability of values in all types of surficial materials present. In addition, the characteristics of the gold such as fineness, grain size distribution and shape, and characteristics of the material such as percentage of silt and boulders will aid in designing an economic mining recovery system.

If machinery is acquired and 80-100 yds.^{3}/hr. of material is processed per 10 hour day, operating costs will be $3.50/yd.^{3}. If machinery is contracted, costs will approach $4.60/yd.^{3} processed.

The pilot plant/bulk testing operation will cost approximately $400,000.00 which includes the acquisition of the barrel plant, camp, machinery, parts and mobilization and operating costs.

Respectfully submitted,

PEGASUS EARTH SENSING CORP.

Ian D. Thomson

Ian D. Thomson, Geol.

A P P E N D I X 1

(Assays conducted near Golden Saddle Leases -
See Tables 4 and 4A)

BACON,
DONALDSON
& ASSOCIATES LTD.

2036 COLUMBIA STREET
VANCOUVER, B.C., CANADA V5Y 3E1
TELEPHONE (604) 879-8461
TELEX 04-53437

December 12, 1985

File No: 6156

SURFICIAL GEOGRAPHICS
1768 Ottawa Place
West Vancouver, B.C.
V7V 2T7

Attention: Ian Thomson

Dear Sir:

Re: Raw Gold Determinations

We have processed your samples by amalgamation. The results are:

Sample Number	Sample Weight g	Raw Gold Weight g
1	620	0.0172
2	1231	0.0330
3	1409	0.1438
4	1463	0.1113
5	2177	0.0235
6	4916	0.1308
7	7360	0.4226
8	15,902	0.5947
9	11,115	0.6414
10	24,110	0.4199

We trust this is the information you requested.

Yours truly,
BACON, DONALDSON & ASSOCIATES LTD.

W. G. Bacon

Dr. W. G. Bacon, P.Eng.
WGB:jrh

CERTIFICATE OF ASSAY

Date: December 12, 1985

File:

SGS SUPERVISION SERVICES INC.
General Testing Laboratories Division
1001 East Pender Street,
Vancouver, B.C., Canada. V6A 1W2
Telephone: (604) 254-1647
Telex: 04-507514

TO: PEGASUS EARTH SENSING CORP.
607 - 750 West Pender Street
Vancouver, B.C.
V6C 2T7

We hereby certify that the following are the results of assays on: weighing of screen and panned gold

MARKED	GOLD Au (mg)	SILVER
Project 128-02	Placer Gold	
5	111.95	
6	139.75	
8 - 1	188.37	
8 - 2 3 4	794.89	
7	24.40	
9	168.66	

NOTE: REJECTS RETAINED ONE MONTH. PULPS RETAINED THREE MONTHS ON REQUEST PULPS AND AND REJECTS WILL BE STORE FOR A MAXIMUM OF ONE YEAR.

L. Wong
PROVINCIAL ASSAYER

CERTIFICATE OF ASSAY

Date: December 30, 1985
File: 8512-2050

SGS SUPERVISION SERVICES INC.
General Testing Laboratories Division
1001 East Pender Street,
Vancouver, B.C., Canada. V6A 1W2
Telephone: (604) 254-1647
Telex: 04-507514

AURAMET INTERNATIONAL
607 - 750 West Pender Street
Vancouver, B.C.
V6C 2T7

We hereby certify that the following are the results of assays on: Ore samples - Amalgamation Tails (Selected samples

MARKED	GOLD	SILVER	xxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxx
	oz/st	oz/st						
# 4 Sub Lot A	0.070	0.02						
# 4 Sub Lot B	2.906	0.20						
# 8 Sub Lot A	0.036	0.02						
# 8 Sub Lot B	0.016	0.02						

NOTE: REJECTS RETAINED ONE MONTH. PULPS RETAINED THREE MONTHS ON REQUEST PULPS AND AND REJECTS WILL BE STORE FOR A MAXIMUM OF ONE YEAR.

L. Wong
PROVINCIAL ASSAYER

CERTIFICATE

I, IAN D. THOMSON, of R.R. #1, Point Road, Gibsons, B.C., VON 1VO, do hereby certify that:

1. I am a graduate of the University of British Columbia with a degree of Batchelor of Arts in Geography/Geology.

2. I have been practicing my profession continuously since 1975.

3. I have not received, nor expect to receive, any interest directly or indirectly in the property or securities of Auramet International Limited, or in any associated company.

4. I consent to the use of this report in a Filing Statement of Material Facts or in a Prospectus by Auramet International Limited or in any associated company.

Ian D. Thomson

Ian D. Thomson, Geologist
February 14, 1986