

MAP NO.: PLACER ASSESSMENT REPORT X
115 0 2 PROSPECTUS X
CONFIDENTIAL X
OPEN FILE

DOCUMENT NO: 120121
MINING DISTRICT: Dawson
TYPE OF WORK: Trenching, Dredging

REPORT FILED UNDER: J. Higgins

DATE PERFORMED: Sept 26-30, 1989

DATE FILED: December 1989

LOCATION: LAT.: 63° 07'N

AREA: Scroggie Creek

LONG.: 138° 37'W

VALUE \$: 2000.00

CLAIM NAME & NO.: PL 7452

WORK DONE BY: T. Henneberry

WORK DONE FOR: J. Higgins

DATE TO GOOD STANDING:

REMARKS: Dredging bench gravels to test pay streak. Colors were noted.

R. TIM HENNEBERRY, FGAC, Consulting Geologist
404 Cambridge Way Port Moody, B.C. V3H-3V2 (604) 931-5396

120121

63° 07' N 138° 37' W

115 02

PHASE I TESTING PROGRAM

ON

PLACER LEASE 7452
(Scroggie Creek)

STEWART RIVER PLACER GOLD DISTRICT
WEST CENTRAL YUKON

FOR

John Higgins

27 Teslin Road
Whitehorse, Yukon

R. Tim Henneberry, FGAC
October 15, 1989

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 \$ 2000.00

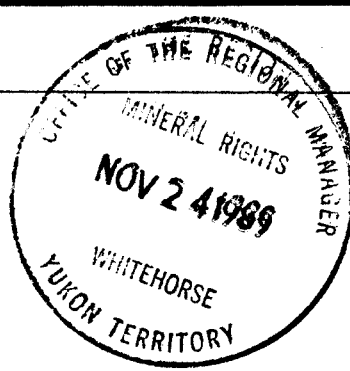
W. J. Bage

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

120121

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SUMMARY



A testing program was undertaken on 2-mile Placer Lease 7452 on Scroggie Creek in the Stewart River Placer Gold District. This program consisted of hand trenching and/or suction-dredging from 4 sites along a left limit tributary creek cutting through bench deposits. The purpose of the program was to test for the presence of placer gold in the tributary, an indication the bench deposits would also contain placer gold. Colors were obtained from all pits.

The work program was completed between September 26 and September 30. Total cost of the program was \$3775.00. The 2-mile lease was converted to claims on September 30.

Further exploration is warranted on this property. This program should consist of mapping in the numerous test pits, trenches and worked areas and testing for the presence of gold. Small (500 to 1000) yard bulk samples should then be processed from all showings yielding gold. Further trenching should then be undertaken along strike of potential pay streaks. Total cost of this program is estimated to be \$476,450.00.

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INTRODUCTION

This report was prepared at the request of Mr. John Higgins to satisfy the assessment requirements for Placer Lease 7452.

As part of the report all available information on previously and presently producing creeks in the Stewart River Placer Gold District was compiled. Since 1980, mining operations have been undertaken on all major creeks in the district.

Bear Creek Mining undertook a testing operation on tier 2 bench claims contiguous to the downstream end of Placer Lease 7452.

140°

135°

130°

125°

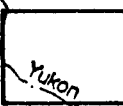
ALASKA

YUKON

NORTHWEST TERRITORIES

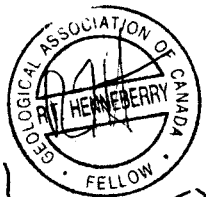
Dawson City

STEWART RIVER PLACER GOLD DISTRICT



Stewart River

Whitehorse



BRITISH COLUMBIA



STEWART RIVER PLACER GOLD DISTRICT
LOCATION MAP

DRAWN BY: RTHenneberry

DATE : June 1989 FIGURE : 1

LOCATION, ACCESS

Scroggie Creek lies in the Stewart River Placer Gold District, centered approximately 325 kilometres northwest of Whitehorse, Yukon (Figure 1). This area lies on the southern extremity of the Klondike District, approximately 100 kilometres southeast of Dawson City.

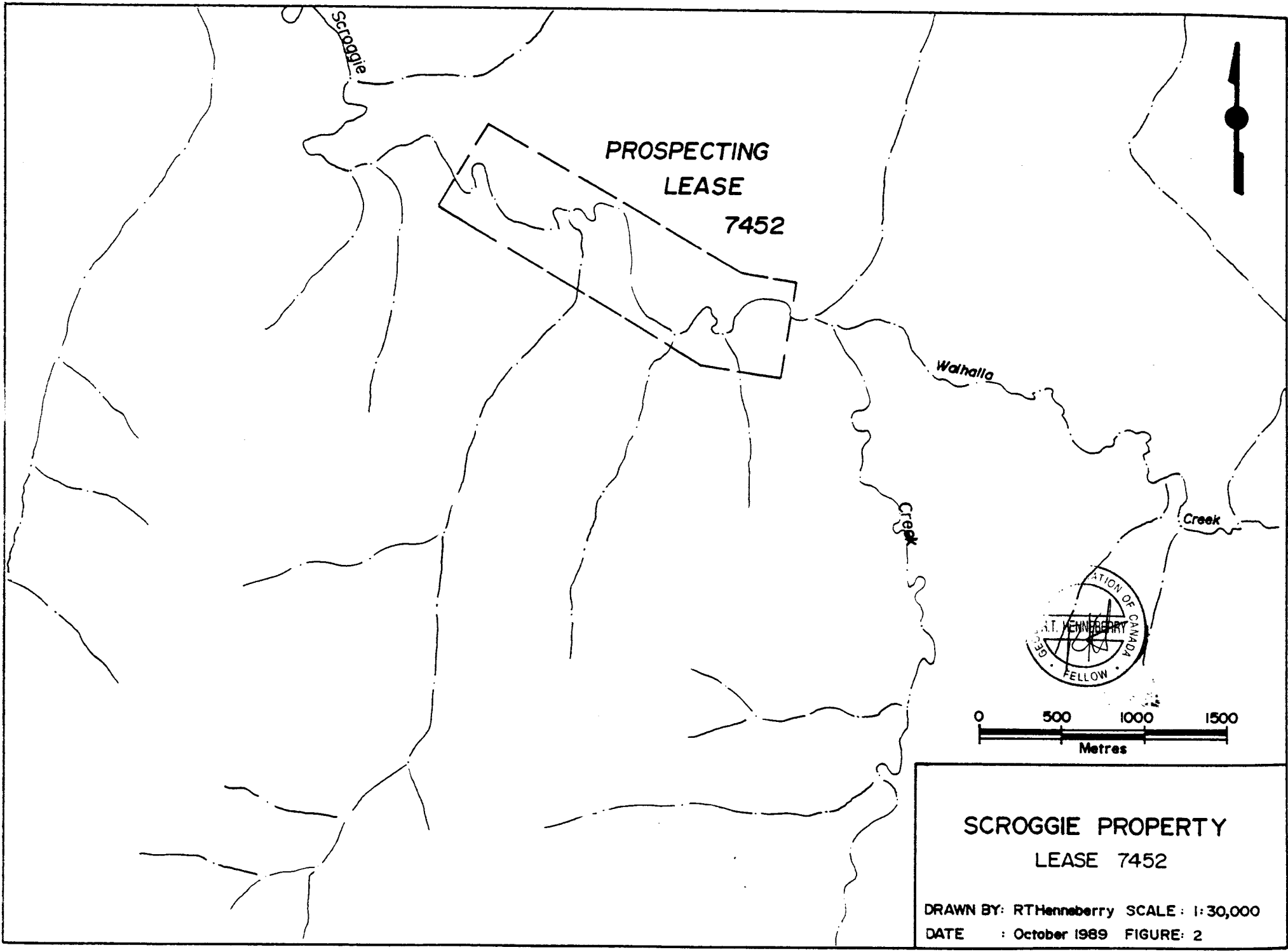
Year-round road access is available to only the northern part of the District (north of the Stewart River). Access to the remainder is by fixed wing aircraft to the numerous strips in the area, or by boat along the Stewart and Yukon Rivers. A winter road, usable from late-January to mid-April, can be utilized for bulk freighting of equipment, fuel and supplies.

The climate is typical of the continental sub-arctic. Winters are quite severe with temperatures to -40° Celsius common during the mid-November to early March period. Summers are quite pleasant with temperatures in the 20° Celsius range for much of mid-May to mid-September. A bonus is the near continuous sunlight characteristic of the arctic summers. Precipitation averages 12 inches during the year.

The Stewart River District lies entirely within the Klondike Plateau, a minor subdivision of the Yukon Plateau. It is marked by long, twisted irregular main and spur ridges produced by a highly developed dendritic stream pattern. The crests of most ridges are between 900 and 1200 metres in elevation with broad domes on occasion rising 100 metres above. The crest probably represents an old uplifted erosional surface. The main streams and rivers have gentle gradients and are slow-flowing (Yukon and Stewart Rivers) while tributary streams occupy narrow V-shaped valleys with steep gradients, especially at the upper ends (Henderson, Barker, Thistle Creeks). Old valley-bottoms, still covered with heavy accumulations of gravel, occur at many points forming terraces and benches of varying width bordering the new valleys.

During the last Ice Age, the Klondike District was not glaciated leaving surface rocks deeply weathered. Side hills are usually covered with decomposed bedrock intermingled with slide rock. Outcrop is for the most part concentrated on ridges.

The region is in the discontinuous perma-frost zone. Generally northern exposures are more deeply frozen than ridges and southern exposures. Perma-frost is found about 30 centimetres below the moss surface. The frost level exists to depths ranging from 18 metres to over 60 metres. Exposed gravel and overburden will thaw to a depth of 2 to 3 metres after removal of the insulating moss layer.



PROSPECTING
LEASE
7452

0 500 1000 1500
Metres

SCROGGIE PROPERTY
LEASE 7452

DRAWN BY: RTHennsberry SCALE: 1:30,000
DATE : October 1989 FIGURE: 2

PROPERTY HOLDINGS

The property consists of a 2-mile Placer Lease on Scroggie Creek immediately downstream from the junction with Walhalla Creek (Figure 2). The present owner is Mr. John Higgins of Whitehorse, Yukon.

The property was broken into claims on September 30, the JRH 1 to JRH 16.

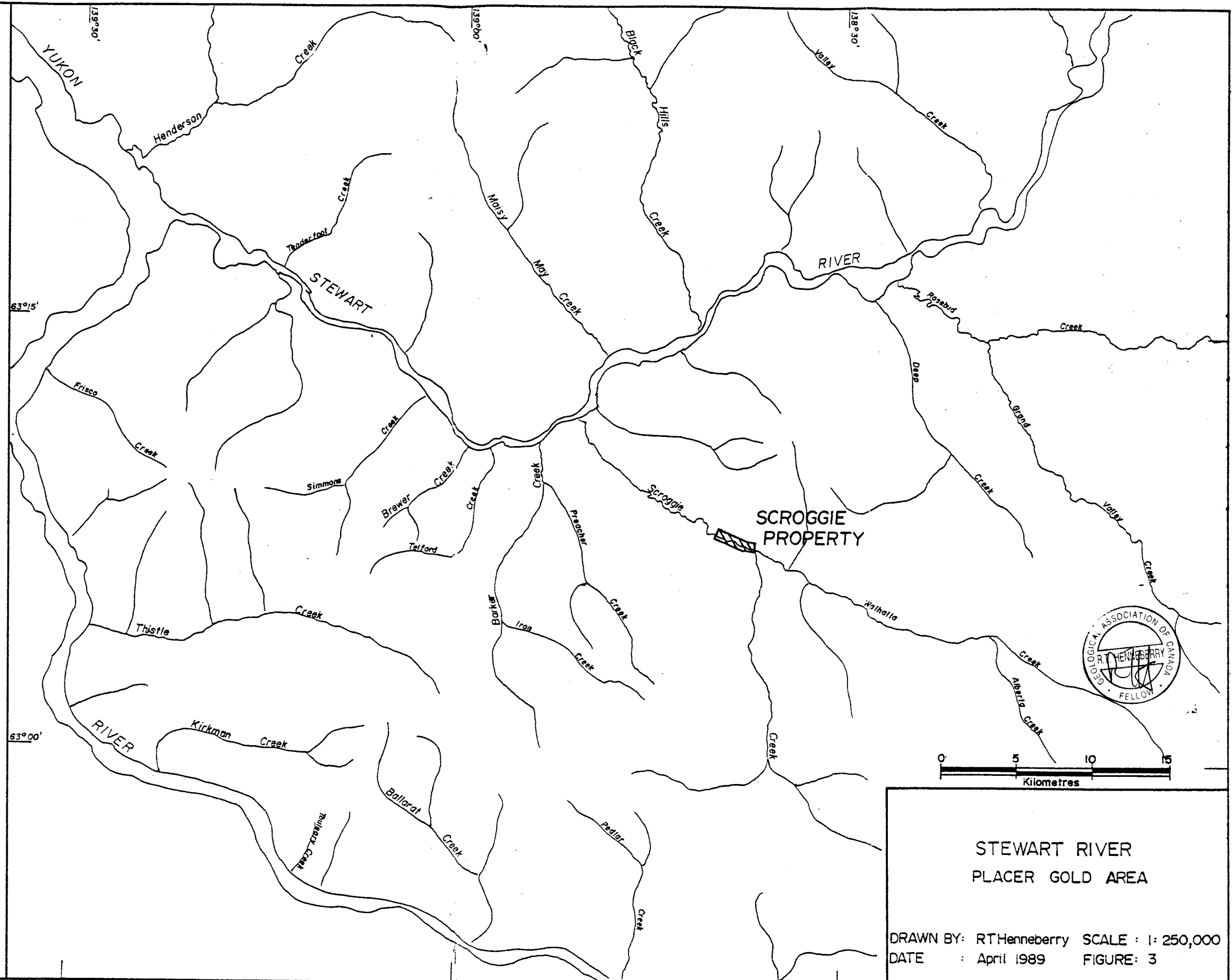
<u>Lease</u>	<u>Grant Number</u>	<u>Expiry Date</u>
2 Mile Lease	7452	September 30, 1989

The Lease is plotted on DIAND Placer Sheet 115 0 2.

MINIMUM PRODUCTION

Creek	Au(raw oz.)
Ballarat	11,867
Barker	2,795
Black Hills	29,444
Brewer	1,374
Henderson	61,992
Kirkman	5,457
Maisy May	10,841
Scroggie	10,054
Thistle	18,326
	<u>152,150</u>

Records: 1898-1915	GSC Memoir 97
1916-1933	No records
1934-1940	GSC Mineral Industry Memoirs
1941-1959	DIAND Mineral Industry Report
1960-1969	GSC Mineral Industry Papers
1970-1984	DIAND Mineral Industry Reports
1984-	Corporate files (incomplete)



STEWART RIVER
PLACER GOLD AREA

DRAWN BY: RTHenneberry SCALE : 1: 250,000
DATE : April 1989 FIGURE: 3

EXPLORATION / PRODUCTION HISTORY

The principle creeks of the Stewart River Placer Gold District (Figure 3), including Scroggie Creek, were staked two years after the 1896 discovery of gold in the Dawson City area, as the prospectors methodically worked their way south.

Early exploration and production was concentrated between tributaries Stevens Creek and Mariposa Creek, 8 miles (13 kilometres) upstream from Lease 7452, though prospect pits and shafts were scattered through the intermediate area to downstream of the present lease location. Most of the early work (to 1920) was concentrated in the valley bottom. (Cairnes, 1917).

During the period 1934-1940, mention of individuals working on Scroggie Creek have been made, including that of a miner recovering considerable platinum with his gold on a bench below the mouth of Walhalla Creek, but locations and production figures were not included (GSC Memoirs 178, 193, 209, 218, 220, 234).

Scroggie Creek Production History

Year	Yards	Fine oz.	Raw oz.	Description	Location	Reference
to 1915			5305	Hand and shaft mining		GSC Mem 97
1916-1933				Not mentioned in literature		
1934			??	Production but no record		GSC Mem 178
1935			??	Production but no record		GSC Mem 193
1936			??	Production but no record		GSC Mem 209
1937			??	Production but no record		GSC Mem 218
1938			??	Production but no record		GSC Mem 220
1939-1940			??	Production but no record		GSC Mem 234
1944				Prospecting		DIAND 1941-1959
1945				Drilled		DIAND 1941-1959
1951				Prospecting / stripping		DIAND 1941-1959
1952				Prospecting / stripping		DIAND 1941-1959
1953		260	305	Bulldozer	Scroggie	DIAND 1941-1959
1954		310	365	Bulldozer	Mariposa	DIAND 1941-1959
1955		96	113	Bulldozer	Junction	DIAND 1941-1959
1980			33	2-D8 cats creek and bench	Scroggie	DIAND 1978-1982
1981			1591	2-D8 cats creek and bench	Walhalla/Jct	DIAND 1978-1982
1984			2341	D155A cat	Mar/Scr Jct	DIAND 1983-1984
TOTALS			10054			
1953-1955			784	Fant&Norbeck - Cat	Sc/Mr Junc	
1980-1981			1624	Territorial (Sc/Mr) - Axel	Sc/Mr Junc Sc/Wh Junc	
1984-			2341	Resore - Cats	Sc/Mr Junc	

Numalake Mining Company Limited prospected, staked and drilled ground on Scroggie Creek (location not given) during 1944-1945. The drilling did not yield values sufficient to warrant further development. (DIAND 1941-1959).

Prospectors Fant and Norbeck acquired a 5 mile lease on Scroggie Creek in the Mariposa Creek junction area in 1952 and worked the ground with a bulldozer and sluicebox through to 1955. They recovered approximately 784 ounces of gold during this period. (DIAND 1941-1959).

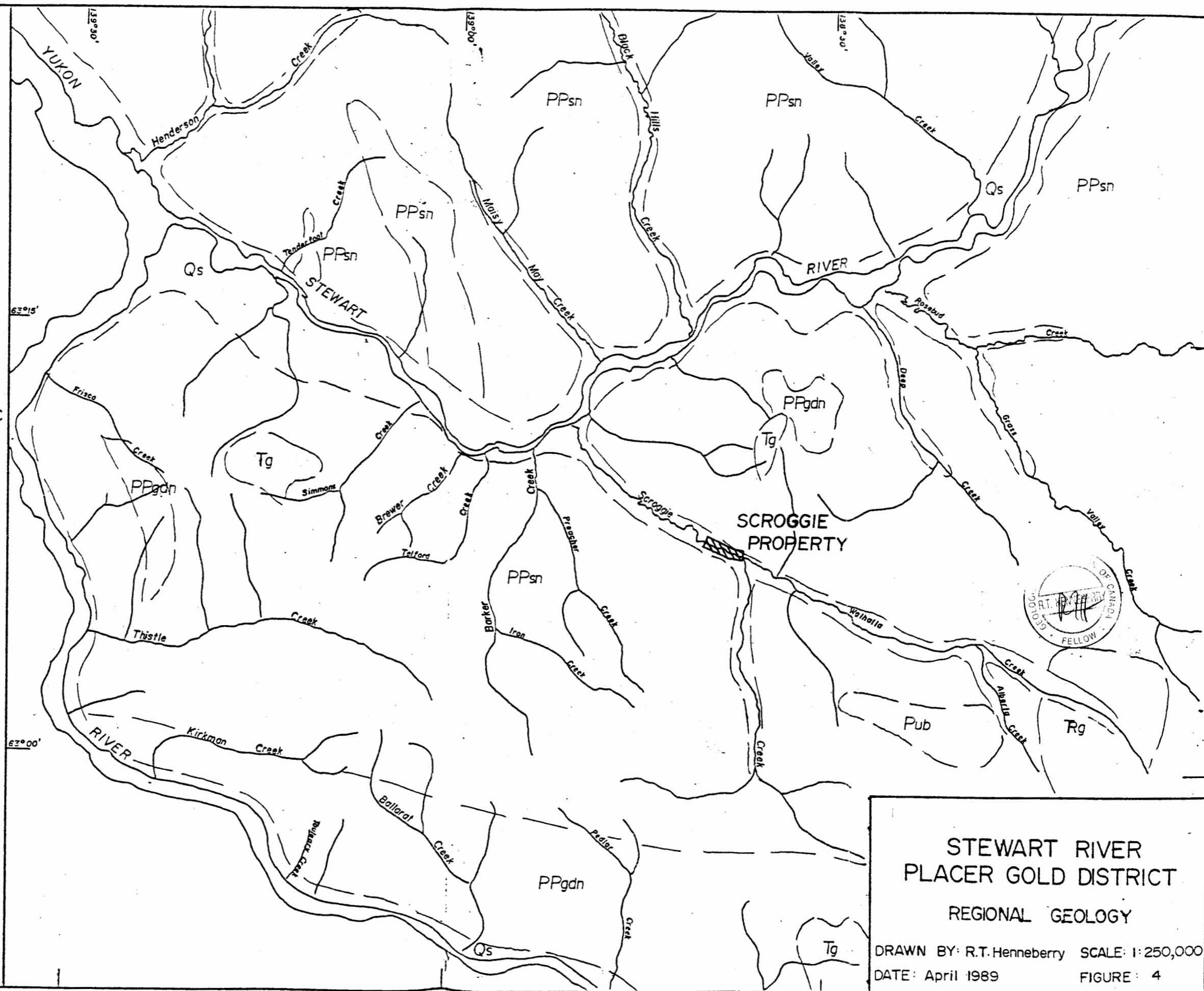
Territorial Placers worked ground in the same area as Fant and Norbeck during 1981. The gold production given for this period is not broken into specific operations, so a production total for this operation has not been listed. (DIAND 1978-1982). Resore Industries commenced production on ground in the Scroggie Mariposa area in 1984, recovering some 2340 ounces of gold from a bulldozer sluicing operation. (DIAND 1983-1984).

Previous exploration on Lease 7452 was undertaken by H. Axel in 1980-1981 (DIAND 1978-1982). This program consisted of stripping and test mining on the left limit bench and in the valley with 2-D8 cats. The location is approximately 1.3 kilometres below the Scroggie Creek / Walhalla Creek junction. No results were reported.

LEGEND

- QUATERNARY
 Qs Stream Deposits
- TERTIARY
 Tg Coffee Creek Granite
- TRIASSIC
 T_g Hornblende Granodiorite
- PERMIAN AND/OR TRIASSIC
 Pub Ultramafic Rocks
- PALEOZOIC OR PROTEROZOIC
 YUKON GROUP
 PPsn Schist Gneiss with minor marble
 PPgdn Pelly Gneiss

Modified from : Bostock 1942
 Tempelman-Kluit 1974



STEWART RIVER
 PLACER GOLD DISTRICT
 REGIONAL GEOLOGY

DRAWN BY: R.T.Henneberry SCALE: 1:250,000
 DATE: April 1989 FIGURE: 4

REGIONAL GEOLOGY
(Summarized from Tempelman-Kluit, 1974)

The Stewart River Placer Gold District is underlain by metasedimentary rocks of Proterozoic and Paleozoic age (the Yukon Group assemblage of the Yukon Metamorphic Complex). Permian, Triassic and Tertiary intrusions cut the sequence. (Figure 4).

The oldest rocks in the District are the Pelly Gneiss and Schist Gneiss of the Yukon Group assemblage. The Pelly Gneiss rocks are grey to brown, fine to medium grained, muscovite-biotite-quartz-feldspar schists or gneisses with a strong pervasive foliation. The Schist Gneiss unit consists largely of nondistinctive and monotonous muscovite-biotite quartzite and quartz mica schist with a well developed schistosity. Marble has been noted in small lenses throughout the Pelly Gneiss. The Pelly Gneiss underlies the southern part of the Stewart River Placer Gold District, while the Schist Gneiss underlies most of the remainder.

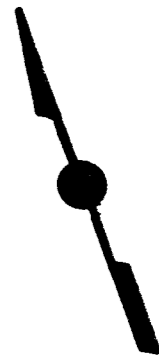
A small body of Permian ultramafic rocks outcrops on the southeastern section of the property. The rocks weather a brown color and for the most part are a dark green serpentinite. In the same general area a body of Triassic hornblende granodiorite intrudes the Schist Gneiss.

Three small plugs of Tertiary coarse-grained equigranular biotite granite to quartz monzonite have been mapped in the District. One plug lies between lower Scroggie Creek and Deep Creek, one plug lies at the headwaters of Simmons Creek and the third lies east of Pedlar Creek.

Tertiary river gravels are associated with most of the major creeks and river in the map area. Differential uplift during the Tertiary caused placer bearing creeks to be thrown from their existing channels, resulting in the old creek bed lying on a terrace well above the present creek.

Placer gold deposits are for the most part confined to creek bottoms and benches. These deposits are invariably underlain by the Pelly Gneiss and Schist Gneiss of the Yukon Group assemblage. Much of the gold actually lies in cracks and broken rock of the gneisses at the gravel / bedrock interface.

PROSPECTING LEASE 7452

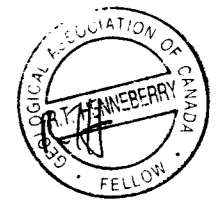


1989 Program
(Figure 6)

Scroggie
Creek

Limit of bench

1980
1981
Workings



PROSPECTING LEASE 7452
PROPERTY GEOLOGY

DRAWN BY: RTHenneberry SCALE: 1:4800
DATE: October 1989 FIGURE 5

PROPERTY GEOLOGY

Scroggie Creek is some 40 miles (64 kilometres) in length joining the Stewart River 25 miles (40 kilometres) above its mouth. The valley of Scroggie Creek is over 2500 feet (760 metres) wide below the Walhalla Creek junction narrowing to below 1000 feet (305 metres) above Mariposa Creek. A pronounced left limit bench rises 100 - 125 feet (30-40 metres) above the valley bottom. This bench is in excess of 1500 feet (457 metres) below Walhalla Creek narrowing to 500 feet (152 metres) above Mariposa Creek.

Gold has been recovered both from gravels in the valley bottom and from gravels on the bench. In both instances the gravels are comprised primarily of flat to tabular schistose to gneissoid pebbles with lesser well-rounded granitic, pegmatitic or greenstone pebbles and boulders.

Gravels in the valley are overlain by 6-9 feet (1.8-2.7 metres) of black muck. The actual gravels are 7-10 feet (2.1-3.0 metres) thick with the gold confined to the bottom 3-5 feet (0.9-1.5 metres). Gold is also found in the top 1-3 feet (0.3-0.9 metres).

Gravels on the bench increase in thickness from 4-50 feet (1.2-15.2 metres) with increasing distance from the edge. As with the valley gravels, gold is confined to the bottom 3-4 feet (0.9-1.2 metres) as well as the top 1-3 feet (0.3-0.9 metres) of bedrock.

Gold appears to be in the order of 0.85 fine. In appearance the placer gold ranges from coarse and chunky to flaky.

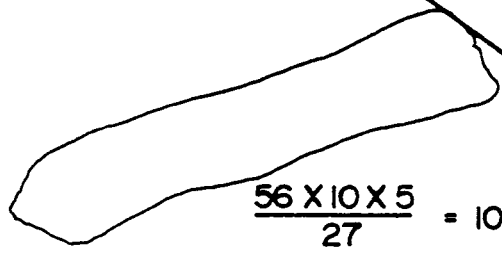
Prospecting Lease 7452 is located on Scroggie Creek, immediately below the junction with Walhalla Creek. Previous exploration has for the most part been confined to the bench, though a few old shafts were noted in the valley bottom (Figure 5).

The black muck appears to be in the order of 1-2 feet (0.3-0.6 metres) on the bench. Gravels are 4-20 feet (1.2-6.1 metres) thick on the lease.

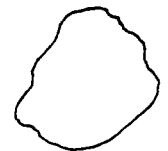


Lease center line

Dredged pits



$$\frac{56 \times 10 \times 5}{27} = 104 \text{ yards}$$



$$\frac{13 \times 13 \times 2}{27} = 12.5 \text{ yards}$$

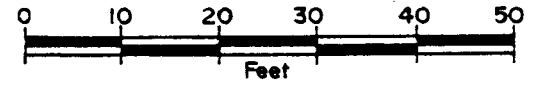
Hand pits



$$\frac{6 \times 3 \times 3}{27} = 2 \text{ yards}$$



$$\frac{6 \times 3 \times 2}{27} = 1.3 \text{ yards}$$



all measurements in feet
length X width X depth
27 ft³

PROSPECTING LEASE 7452
PIT LOCATIONS

DRAWN BY: RTHenneberry SCALE: 1:240
DATE: October 1989 FIGURE: 6

TESTING PROGRAM

The 1989 testing program was originally planned as a trenching program with a Michigan Loader. Serious mechanical difficulties precluded the use of the loader so hand trenching and suction dredging was implemented as a second choice.

The hand trenching program consisted of 2 pits approximately 2 metres by 1 metre by 1 metre deep. The pits were dug with shovels. All material was processed through a dual hutch, vibrating jig. Colors were obtained from each of the 2 pits.

The suction dredging program also consisted of 2 pits, one 4 metres by 4 metres by 0.6 metres and one 17 metres by 3 metres by 1.5 metres. All material was processed through a 4 inch Keene suction dredge outfitted with a small sluice run. Colors were noted in the material from each of the 2 pits.

Approximately 3.3 yards of material was processed from the 2 hand trenches, while almost 120 yards was processed through the suction dredge. Material ranged from sand and silt through to 6 inch cobbles in size. Bedrock was not reached in any of the 4 trenches.

11-16.

DISCUSSION

While the recorded gold production from the Stewart River Placer Gold District does not approach that of the bordering Klondike District to the north, excellent results have been obtained on all creeks in the District that have undergone large scale (+100 yard per hour) mining operations. This is evident from the production results since the revival of the District in the late 1970's. Large sections of the important creeks in the District have yet to be mined, or even adequately tested. The 2-Mile Lease on Scroggie Creek has begun to be tested, with positive results to date.

Stewart River Placer Gold District
Minimum Gold Production (raw ounces)

Period	Ballarat	Barker	Black Hills	Brewer	Henderson	Kirkman	Maisy	May	Scroggie	Thistle
1898-1915		1,613				447			5,305	6,975
1916-1945			23	95		40				
1945-1957	9,501				37,359				783	7,339
1958-1969	230			1,241	524	4,970				
1970-1987	2,136	1,182	29,421	38	24,109		10,841		3,966	4,012
Totals	11,867	2,795	29,444	1,374	61,992	5,457	10,841		10,054	18,326

These production records are taken from the following sources: Geological Survey of Canada Memoirs 97, 178, 193, 209, 218, 220, 234; Geological Survey of Canada Papers 61-23, 62-27, 63-38, 64-36, 65-19, 66-31, 67-40, 68-68, 69-55; Department of Indian Affairs and Northern Development Placer Industry Reports 1941-1959, 1978-1982, 1983-1984; Department of Indian Affairs and Northern Development Mineral Industry Papers 77-01, 78-09; Canadian Mines Handbook 1986-1987; and the corporate files of Queenstake Resources, Goldmark Minerals, and New Era Developments.

The amount of material disturbed by Axel during the 1980-1981 field seasons suggests the program met with at least some success. Colors were also obtained from the 4 trenches excavated during this program.

The results of the exploration programs completed on Lease 7452, combined with the production history of the Stewart River Placer Gold District, suggest further exploration is warranted on the property.

This proposed program will require the mobilization of large scale mechanical equipment to the property over the winter road, including a processing plant, water pump, tractor and loader or excavator, as well as a significant cache of fuel.

CONCLUSIONS AND RECOMMENDATIONS

The preliminary Scroggie Creek Lease testing program undertaken to fulfill the assessment requirements has identified placer gold in each of the 4 trenches excavated. A further two phase exploration program is warranted.

Phase A will involve initial geological field mapping to determine the volume of placer gravels present and the location of potential paystreaks. This field mapping will also locate and plot roads, trenches, pits, shafts and old workings to produce a working property map. All trenches and pits will be tested for the presence of gold by panning and/or using a small jig. Phase A is estimated to cost \$22,100.

Phase B will consist of trenching and bulk testing. 500-1000 yard bulk samples will be taken from all trenches showing gold. Further trenching and bulk testing will take place along strike of known pay streaks to allow calculation of ore reserves. Phase B is estimated to cost \$454,350.

Phase A - Field Mapping	22,100.00
Phase B - Test Cutting and Bulk Sampling	454,350.00

Total Proposed Exploration Budget	476,450.00

The two phase exploration program consisting of field mapping, followed by test cutting and bulk sampling is estimated to cost \$476,450.00

STATEMENT OF COST

Personnel

Calvin Lindstrom (laborer)		
Sept 26 to 30	5 days @ 150	750.00
George Shinkel (laborer)		
Sept 26 to 30	5 days @ 150	750.00
Brett Clippingdale (laborer)		
Sept 27 to 30	4 days @ 150	600.00
John Higgins (manager/ owner)		
Sept 26 and Sept 30	2 days @ 200	400.00
Tim Henneberry (geologist)		
Sept 30	1 day @ 225	225.00

Equipment

4 inch Keene suction dredge		
Sept 26 to 30	5 days @ 50	250.00
Dual hutch mineral processing jig		
Sept 26 to 30	5 days @ 100	500.00
Dodge power wagon 4X4		
Sept 26 to 30	5 days @ 60	300.00

TOTAL 3775.00

COST ESTIMATES

Phase A - Field Mapping

Mobilization

Research of area/ records	1,000.00
Preparation of maps	1,000.00
Airfares Vancouver - Whitehorse	1,500.00
Whitehorse - Site	1,000.00

Personnel

Geologist 15 days @ \$225.00	3,375.00
Assistant 15 days @ \$200.00	3,000.00
Cook 15 days @ \$160.00	2,400.00

Support

Accommodation 45 days @ \$60.00	2,700.00
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Documentation

Geologist 5 days @ \$225.00	1,125.00
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Contingency

5,000.00

Phase A Total

22,100.00

COST ESTIMATES

Phase B - Testing and Bulk Sampling

Mobilization/ Demobilization

Equipment and Fuel		80,000.00
Personnel		10,000.00

Equipment

D8 Cat (plus operator)	750 hrs @ \$200 /hr	150,000.00
Loader (plus operator)	500 hrs @ \$100 /hr	50,000.00
Fuel	15000 gal @ \$ 3 /gal	45,000.00

Personnel

Geologist	60 days @ \$225 /day	13,500.00
Cook	60 days @ \$160 /day	9,600.00

Support

Accommodation	300 days @ \$ 60 /day	18,000.00
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Testing

Sluice box	45 days @ \$100 /day	4,500.00
Pump, lines	45 days @ \$150 /day	6,750.00

Documentation

Geologist	20 days @ \$225 /day	4,500.00
Photocopy, blueprinting		2,500.00

Contingency

60,000.00

Phase B Total

454,350.00

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Yukon Placer Mining Industry, 1978-1982
Yukon Placer Mining Industry, 1983-1984

EGS 76-15 - Mineral Industry Report, 1975, Yukon Territory
EGS 77-01 - Mineral Industry Report, 1976, Yukon Territory
EGS 78-09 - Mineral Industry Report, 1977, Yukon Territory

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Memoir 193 - Mineral Industry of Yukon, 1935
Memoir 209 - Mineral Industry of Yukon, 1936
Memoir 218 - Mineral Industry of Yukon, 1937
Memoir 220 - Mineral Industry of Yukon, 1938
Memoir 234 - Mineral Industry of Yukon, 1939-1940

Paper 61-23 - The Mineral Industry of the Yukon Territory and southwestern District of Mackenzie, 1960.
Paper 62-27 - The Mineral Industry of the Yukon Territory and southwestern District of Mackenzie, 1961.
Paper 63-38 - The Mineral Industry of the Yukon Territory and southwestern District of Mackenzie, 1962.
Paper 64-36 - The Mineral Industry of the Yukon Territory and southwestern District of Mackenzie, 1963.
Paper 65-19 - The Mineral Industry of the Yukon Territory and southwestern District of Mackenzie, 1964.
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Paper 67-40 - The Mineral Industry of the Yukon Territory and southwestern District of Mackenzie, 1966.
Paper 68-68 - The Mineral Industry of the Yukon Territory and southwestern District of Mackenzie, 1967.
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McConnell, R.G. (1901). Yukon River, from Fort Selkirk to Stewart River. Geological Survey of Canada Annual Report, Volume XIV, part A, pp.37-52.

Tempelman-Kluit, D.J. (1974). Reconnaissance geology of Aisihik Lake, Snag and part of Stewart River map-areas, west central Yukon. Geological Survey of Canada Paper 73-41.

STATEMENT OF QUALIFICATIONS

I, R. Tim Henneberry, am a consulting geologist residing at 404 Cambridge Way, Port Moody, B.C.

I earned a Bachelor of Science Degree majoring in geology from Dalhousie University, graduating in May 1980.

I have practiced my profession continuously since graduation.

I am a Fellow of the Geological Association of Canada.

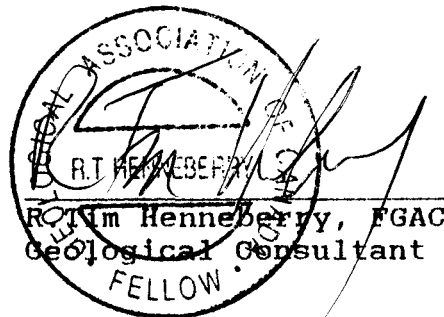
I am presently the geological consultant for Havilah Gold Mines Ltd's placer operation on Barker Creek. I am a director of New Era Developments Limited, a related company.

I supervised the 1989 testing program on Scroggie Creek, completed between September 26 and September 30, 1989. I have also reviewed the available data on the Stewart River Gold Placer District and presented the conclusions and recommendations based on this review, on my experience at the Barker Creek operation and on the Scroggie Creek testing program.

I have no interest, either direct or indirect, in Prospecting Lease 7452.

This report has been completed for assessment credits as specified in the Yukon Placer Mining Act.

Dated this 9th day of November in the City of Port Moody, British Columbia.



December 11, 1989
Duncan, B.C.

Marion E. Dejean
Dawson Mining Recorder
P.O.Box 249
Dawson City, Yukon Y0B 1G0

Dear Madam,

Further to our telephone conversation of December 7, enclosed please find a copy of the requested map showing the prospect pits with respect to JRH 10 post 1 / JRH 9 post 2.

The problem with the location appears to be attributable directly to myself. The suction dredge worked in pits that were previously started. A lack of communication between Mr. Higgins and myself lead me to believe the suction dredge had excavated the entire pit from scratch, which I now know is not the case. Therefore my yardage calculation for the big pit has been over-estimated.

Upon discussions with Mr. Higgins, the amount of material processed by the dredge would be in the area of 11-16 yards, based on 22 operating hours at an average rate of 1/2-3/4 yards per hour. Tailings were deposited back into the pits.

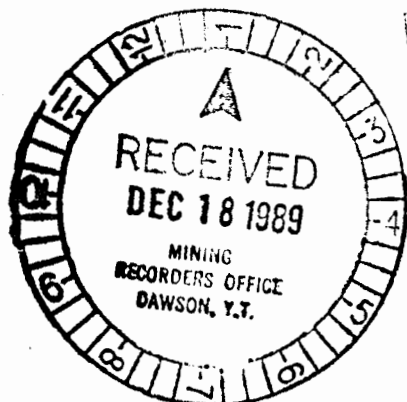
I am told the dredge had to work in existing pits because: 1) it needs to be floating to work and 2) there could be no discharge back to Scroggie Creek or to the tributary.

As clearly stated in the report, the purpose of the testing program was to test for the strike extension of the paystreak previously defined on the bench by testing the down slope gravels in the tributary. The results from the existing pits were not available, so the work was not a duplication of previous work. The hand pits were also dug from scratch.

I apologize for any inconvenience I may have caused.

120121 Sincerely,

R. Tim Henneberry, FGAC
Consulting Geologist
604 Noowick Road, RR#1
Mill Bay, B.C. V0R 2P0
604-743-4127

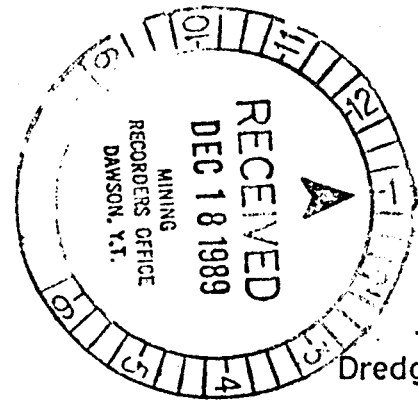


Please Microfilm and add to end of record.

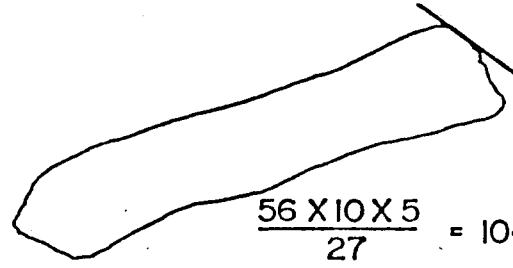
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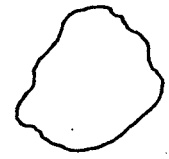
Lease center line



Dredged pits



$$\frac{56 \times 10 \times 5}{27} = 104 \text{ yards}$$



$$\frac{13 \times 13 \times 2}{27} = 12.5 \text{ yards}$$

JRH 10 Post 1
JRH 9 Post 2

120121

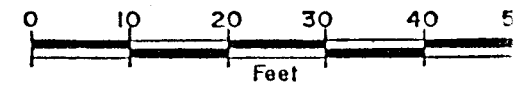
Hand pits



$$\frac{6 \times 3 \times 3}{27} = 2 \text{ yards}$$



$$\frac{6 \times 3 \times 2}{27} = 1.3 \text{ yards}$$



all measurements in feet
 $\frac{\text{length} \times \text{width} \times \text{depth}}{27 \text{ ft}^3}$

PROSPECTING LEASE 7452
PIT LOCATIONS
DRAWN BY: RTHenneberry SCALE: 1:240
DATE: October 1989 FIGURE: 6