

MAP NO.: PLACER ASSESSMENT REPORT X
115G06 PROSPECTUS X
CONFIDENTIAL
OPEN FILE

DOCUMENT NO: 120162
MINING DISTRICT: WHITEHORSE
TYPE OF WORK: Geological

REPORT FILED UNDER: Al Falle

DATE PERFORMED: July -Aug 1994

DATE FILED: August 28, 1995

LOCATION: LAT.: 61°20'N

AREA: Frypan Creek

LONG.: 139°11'W

VALUE \$: 5000

CLAIM NAME & NO.:
P 23276, P 23280, P 23300, P 23301, P 23356

WORK DONE BY: K. Galambos

WORK DONE FOR: Al Falle

DATE TO GOOD STANDING :

REMARKS:

Trenching sampling and volume calculation program which identified mineable gravels of high grade along Frypan creek.

EVALUATION REPORT

ON

FRY PAN CREEK PROPERTY

(P23276, P23280, P23300, P23301, P23356)

WHITEHORSE MINING DISTRICT

N.T.S.: 115/G-6P

LATITUDE: 61 deg. 20'N

LONGITUDE: 139 deg. 11'W

WORK COMPLETED BETWEEN JULY 8 AND AUGUST 28, 1995

120162

OWNER: Al Falle.

Report by:
Kenneth D. Galambos
August 28, 1995

SUMMARY

It is estimated that the Fry Pan Creek property owned by Al Falle contains in excess of 1,076,000 m³ (1,400,000 yd³) of mineable gravel of a very rich nature. The volume calculated is a best guess estimate using all available information as well as a number of assumptions in lieu of hard data. This is believed to be a fairly conservative estimate as no material was included which was more than 100 m from a known data point. It is also quite possible that depth of gravels contained within the claimed area are much deeper than that which was used in the volume calculations (typically 5m). These gravels can be quite thick as seen exposed in nearby cut banks along the Duke River which are estimated by the author to be in excess of 50m. Frozen ground was encountered in all of the test holes dug during a second visit to the property, and therefor a more accurate estimate of yardage is not available. One important feature discovered during this work program was that the entire claimed area is blanketed with glacial gravels, all of which appear to be mineable.

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CHAPTER ONE

INTRODUCTION

1-1: Introductory Statement

The author of this report was approached by the claim owner in June of 1995 to complete a volume calculation on mineable gravels contained on the Fry Pan Creek claim group. Documents made available for this purpose were:

- a list of the claims in question
- airphotos of the claim area
- Open File 1994-1 (T) An Evaluation of Ground Penetrating Radar As A Tool In Placer Exploration
- a survey completed on the creek using the above techniques.
- a small diary of previous work completed on the claims.

A visit was made to the claim group on July 8th and 9th to obtain profiles of the areas in question. A grid was placed over the mineable area and slope readings were collected. Sections were drawn and volume calculations were completed using all available information.

A second visit was made to the property on July 21st and 22nd to obtain further information in order to increase mineable reserves and to collect samples to determine a more accurate grade of the gravels.

1-2: Location and Access

Fry Pan Creek is a tributary of the Duke River which is located near Burwash Landing approximately 270km west of Whitehorse, Yukon. The claims are accessed via a 5.3 km long two-wheel drive trail south from the Alaska Highway.

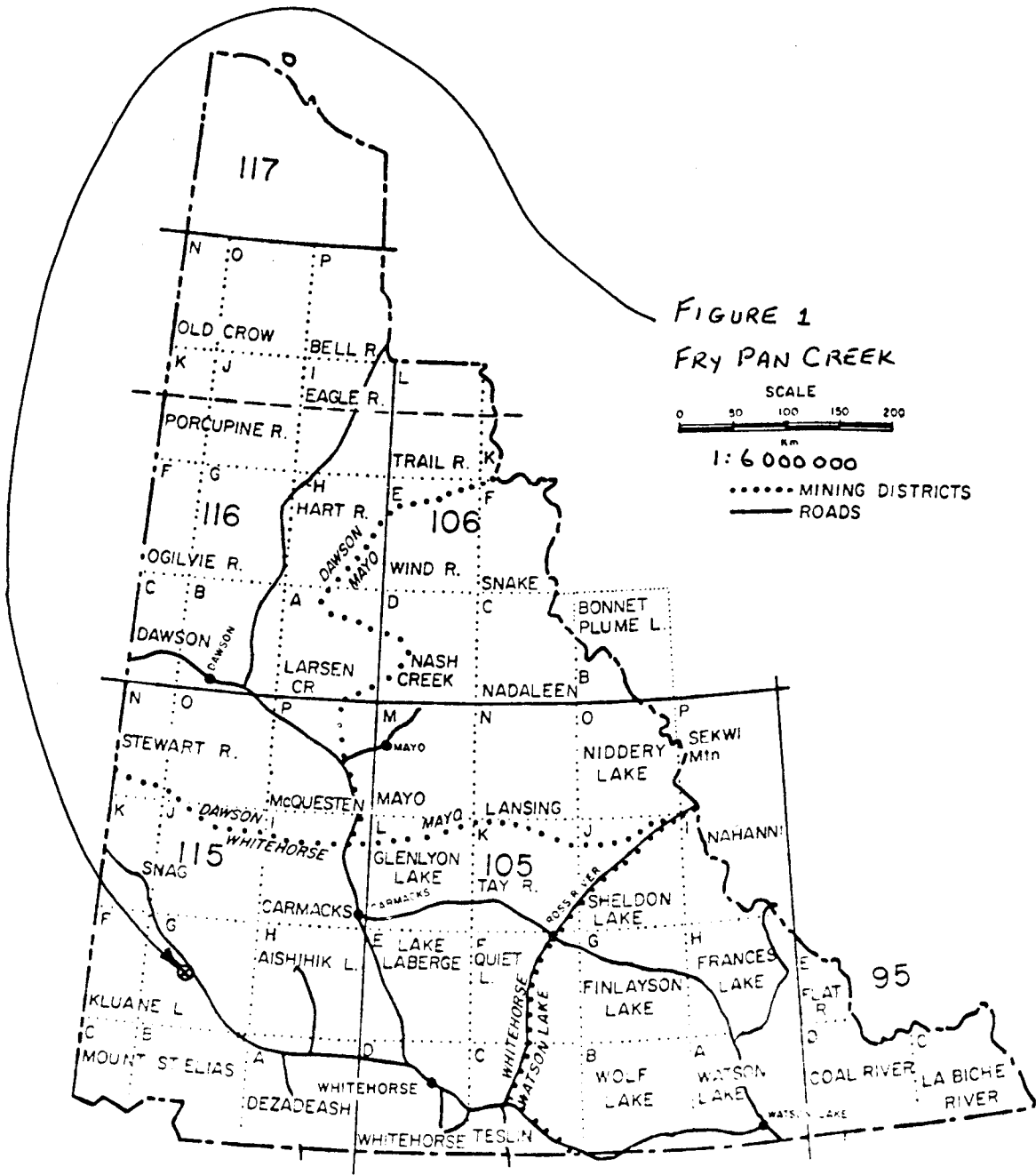


FIGURE 1
FRY PAN CREEK

SCALE
0 50 100 150 200
km

1:6 000 000

..... MINING DISTRICTS
—— ROADS

1-3: Physiography and Vegetation

Fry Pan Creek is within the St. Elias Mountains in south western Yukon. The area in question is only moderately rugged with the creek bisecting a small valley. The north side of the valley is well drained and gently dipping with slopes generally less than 15 degrees. The south side of the valley is considerably steeper with slopes attaining 45 degrees and more. This side of the creek contains discontinuous permafrost under a thick moss layer.

Vegetation consists primarily of spruce and cottonwood forest. Alder and willow are common in the wetter areas surrounding the creek.

1-4: History of Claims

The Fry Pan Creek claim group consists of five contiguous placer claims located in the Whitehorse Mining District. These claims are registered as:

<u>Claim</u>	<u>Staking date</u>	<u>Assessment due date</u>
Nugget (P-23276)	October 8, 1961	December 31, 1995
Venus (P-23280)	October 8, 1982	December 31, 1995
Hard Times (P-23300)	October 8, 1982	December 31, 1995
New One (P-23301)	October 8, 1982	December 31, 1995
Zeb (P-23356)	November 15, 1982	December 31, 1995

Upon acceptance of this report the above mentioned claims will remain in good standing until December 31, 2000.

1-5: Previous Exploration

Only rudimentary testing of the gold content of creek gravels have been completed to date. A small test mining of the creek was completed at the mouth of Fry Pan Creek in 1989. A second mining operation existed for a short while on the creek in 1993, in which there were reportedly 2500 yards of material sluiced. The owner of the claims under took a small test pitting program in 1992 and processed the gravels using a small Long Tom sluice box.

1-6: Work Program

The 1995 work program to date has consisted of two, two day visits to the property. On July 8-9, an 800 m long baseline was placed running 075/255 degrees Az. Grid lines were run perpendicular to the baseline and slope angles were taken across the areas of interest. Two pan concentrate samples were taken of gravel located on the south side of the creek, one of which was destroyed in shipping. Photos were taken of various sections across the creek to show the mineable areas. Sections were plotted from the information gathered and volume estimates were calculated.

During the July 21-22 visit to the property, certain lines were extended in order to gather more slope information and to locate the eight test pits which were dug with a Kubota KH101 to obtain gravel samples. Two samples were taken from the bottom of each pit with the exception of TP-95-2 and TP-95-7. For test pit 95-2, three samples were collected from different depths in the hole while only one sample was collected from test pit 95-7. For

the other test pits, one sample was panned to obtain a concentrate while the second sample was processed to separate the -180 Mesh fraction for analysis.

A fire assay was completed on each concentrate after the coarse gold was removed and weighed. These values will be checked against the second pit samples to see if panning collects the majority of the contained gold. The -180 Mesh fraction was collected, weighed and analyzed using two 30g fire assays. The coarse fraction was then concentrated and the coarse gold removed and weighed. A value of the total gold per yard of gravel was then calculated for each test pit and an average grade per yard of gravel was established for the mineable gravels on the claim group.

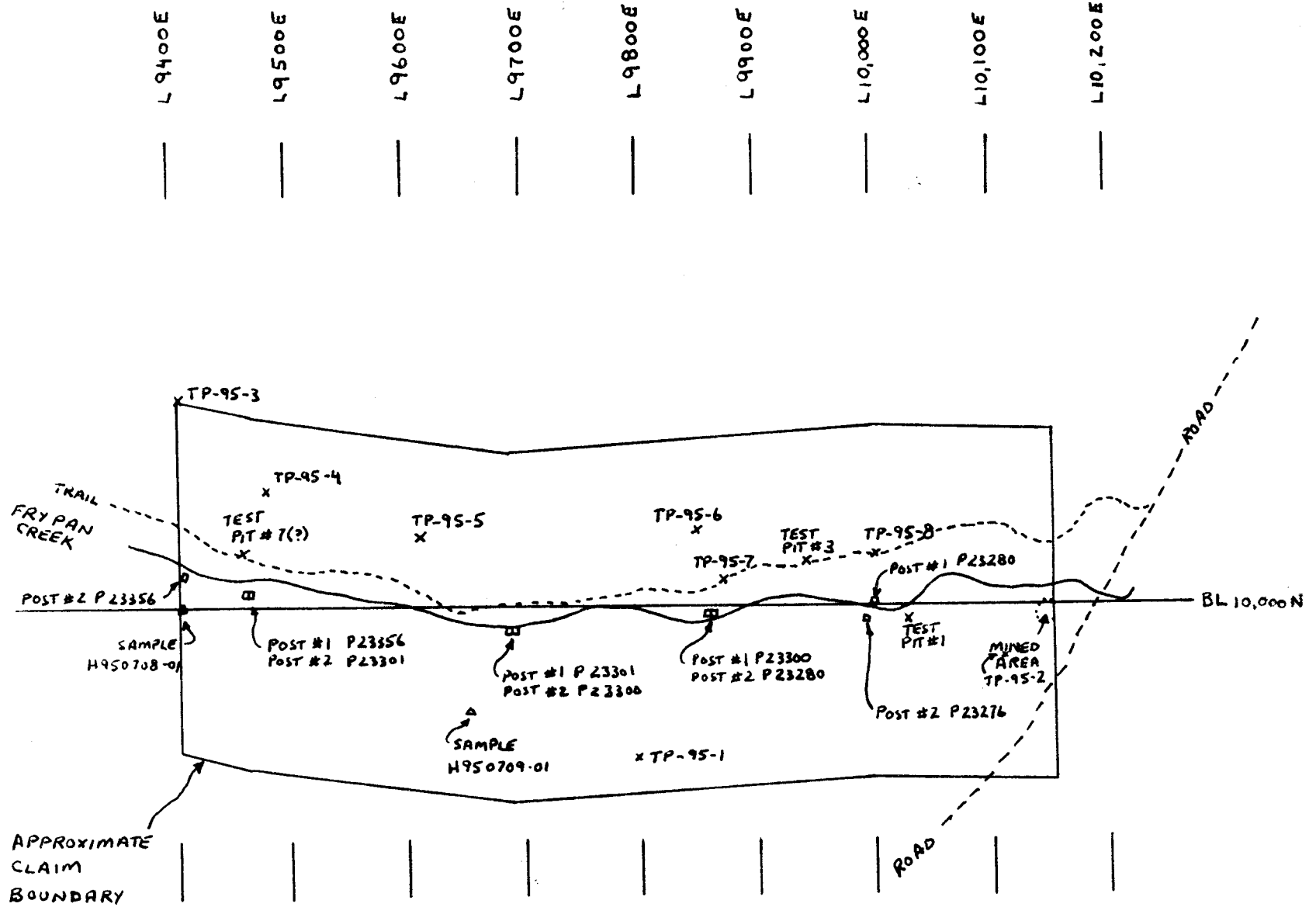
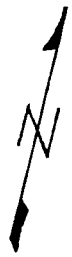


FIGURE 2
FRY PAN CREEK
DETAIL
1:5000



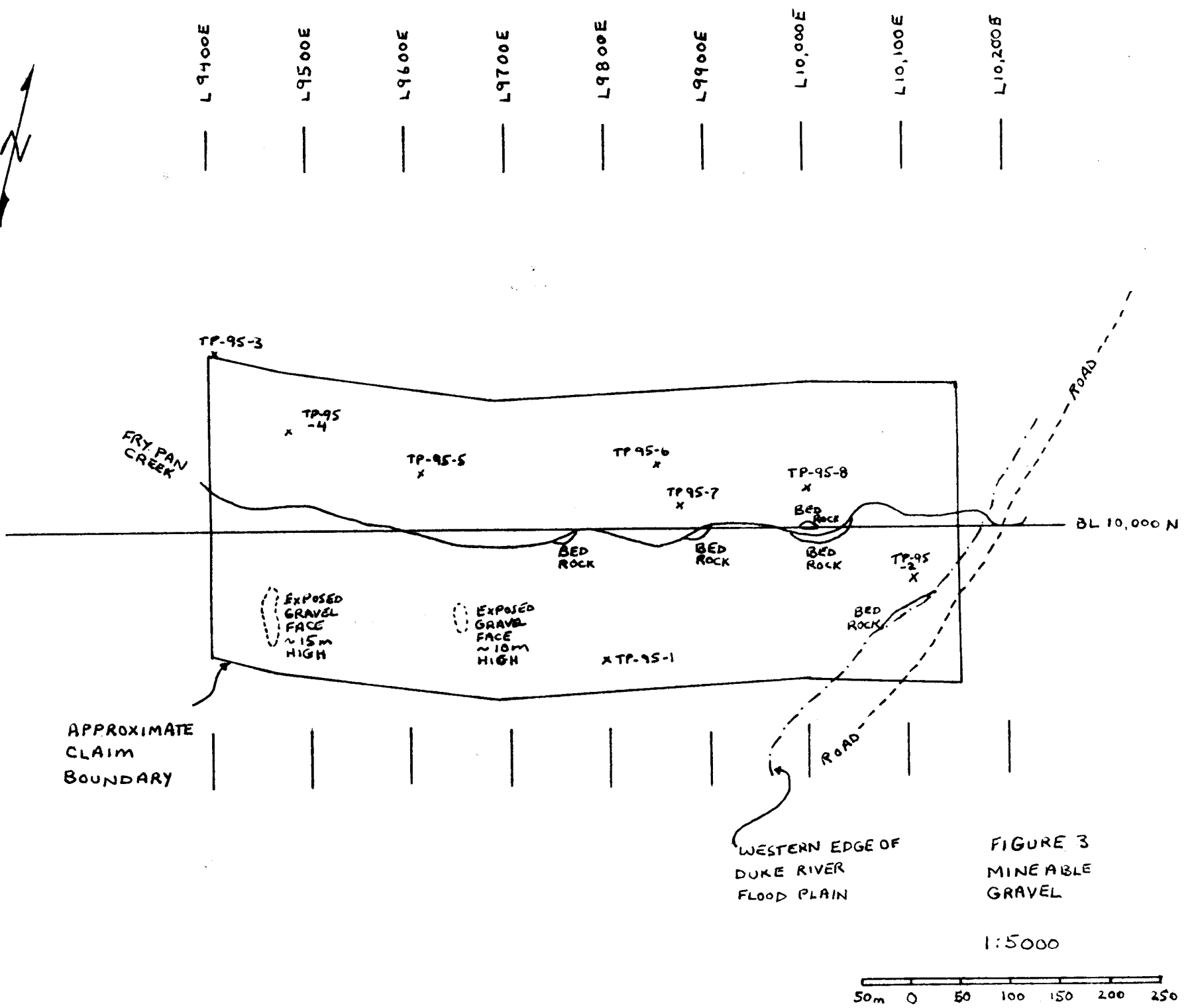
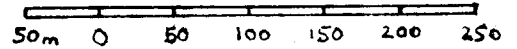


FIGURE 3
MINEABLE
GRAVEL

1:5000



CHAPTER TWO
CALCULATIONS

2-1: Volume Calculations (Methodology)

Sections across the creek were prepared using grid and slope data gathered during the property visits. Additional information was added to the sections such as approximate depth to bedrock indicated from the Ground Penetrating Radar surveys (G.P.R.) and actual depth to bedrock found from test pits dug at various locations. Where information was conflicting, hard data was used on the sections.

A number of assumptions were made to facilitate the completion of the sections and volume calculations. These were:

- Where bedrock was found in the vicinity of the creek, it was assumed to slope at an angle of 45 degrees from its location on the edge of the creek to the depth indicated in the G.P.R. survey.
- The bedrock beneath the creek bed was assumed to be horizontal.
- Gravels on the north side of the creek were assumed to be a uniform thickness of 5m unless additional information was available.
- Gravels on the south side of the creek were assumed to be a uniform thickness of 5m unless additional information was available.

Volume calculations were completed using basic mathematics as

more accurate methods were not justified due to the scarcity of information and the number of assumptions required. Areas containing gravel were calculated from individual sections and these areas were averaged between sections to obtain a volume of minable gravels. Area and volume calculations can be found in Appendix A and B.

2-2: Grade Calculations (Methodology)

Concentrate Samples

Samples were concentrated using plastic gold pans with riffles, being careful not to lose any gold particles. The coarse gold contained in the sample was removed and weighed. Fine gold remaining in the sample was noted prior to fire assaying. The values received from the analytical laboratory were reported both as ounces/ton (g/tonne) and as a total weight of gold in the assayed sample. The weight of the fine and the coarse gold were simply added together to determine the amount of gold contained in a 20 litre plastic pail. The amount of gold per cubic yard is calculated using the following relationships:

One 20 litre sample = .02 cubic meters

50 x .02 cubic meters = 1 cubic meter

1 cubic yard = 0.765 cubic meters

1 ounce of gold = 37.8 grams X

"Troy ounce" 34.285g

Sample Calculation:

Weight of fine gold from concentrate = 0.005g
Weight of coarse gold removed = 0.030g
Total weight of gold in sample (20 L) = 0.035g
Total weight of gold per cubic meter = 1.750g
Total weight of gold per cubic yard = 1.339g (0.0354 ounces)
Value @ Canadian \$500.00/ounce = \$17.71/yd.

***Assay results are pending.

Processed Samples (+/-180 micron)

All samples were weighed prior to being processed. The -180 micron fraction was collected by putting the sample through a series of sieves using the wet sieving method. The very fine fraction suspended in the wash water was allowed to settle using a flocculant to speed the process. The entire -180 micron fraction was collected and again weighed. Two 30g samples of this material were analyzed and the average used to calculate the amount of gold contained in the fine fraction of the sample. The +180 micron material was again concentrated and the gold collected and weighed. Using ratio and proportion principles and the above stated relationships, the total amount of gold in a cubic yard was calculated and compared to that found in the panned sample.

Sample Calculation:

sample x: weight 30 kg
-180 micron fraction: 3 kg
Analysis 1: 2000ppb
Analysis 2: 1800ppb
Average: 1900ppb

$3000g \times 1900ppb / 1,000,000,000 = .0057g$ gold in fine fraction

Weight of gold from fine fraction	= 0.0057g
Weight of gold from coarse fraction	= 0.0300g
Total weight of gold in sample (20 L)	= 0.0357g
Total weight of gold per cubic meter	= 1.7850g
Total weight of gold per cubic yard	= 1.3655g (0.0361 ounces)
Value @ Canadian \$500.00/ounce	= \$18.06/yd.

The actual amount of gold per cubic yard will be slightly more than that calculated as the gravels undergo minor expansion when disturbed in the sampling process. This can be noted in the subsequent settling of the sample during transportation from the property to the processing site.

CHAPTER THREE

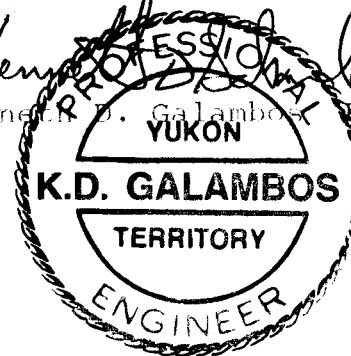
CONCLUSIONS & RECOMMENDATIONS

Volume calculations made from the existing information can be considered reliable if the various assumptions made were correct. Much more information is needed in order to get a more accurate picture of the contained mineable gravels. The total mineable volume could be far in excess of that calculated if the depth of the gravels are thicker than assumed.

If a more accurate estimate of contained gravels is required, it is recommended that the claim owner undertake a systematic pit digging program with a large excavator or a drilling program to establish the nature and depth of overburden lying on bedrock. It was found that a small backhoe excavator was not powerful enough to penetrate the frost which was encountered in every hole.

Respectfully Submitted

Kenneth D. Galambos
Kenneth D. Galambos, P. Eng.



APPENDIX A
AREA CALCULATIONS

Area Calculations

Section 10,150E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A	850		
B	113		
C		450	
	-----	-----	
	963	450	1413

Section 10,100E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A	31		
B	315		
C	38		
D	500		
E	113		
F		450	
	-----	-----	
	997	450	1447

Section 10,050E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A		38	
B		400	
C	100		
D	24		
E	89		
F	63		
G	145		
H		395	
	-----	-----	
	421	833	1254

Section 10,000E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A		500	
B	63		
C	0		
D	51		
E	118		
F	125		
G		375	
	-----	-----	
	357	875	1232

Section 9950E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A		578	
B	63		
C	0		
D	59		
E	310		
F		375	
	-----	-----	
	432	953	1385

Section 9900E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A		500	
B		63	
C	0		
D	105		
E	250		
F		500	
	-----	-----	
	355	1063	1418

Section 9850E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A		375	
B	152		
C	62		
D	43		
E	375		
F		375	
	-----	-----	
	632	750	1382

Section 9800E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A	500		
B	124		
C	110		
D	119		
E		625	
	-----	-----	
	853	625	1478

Section 9750E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A		500	
B	50		
C	0		
D	82		
E	119		
F		625	
	-----	-----	
	251	1125	1376

Section 9700E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A		625	
B	113		
C	183		
D	119		
E		425	
	-----	-----	
	415	1050	1465

Section 9650E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A	500		
B	125		
C	119		
D	37		
E	119		
F		585	
	-----	-----	
	900	585	1485

Section 9600E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A		550	
B	106		
C	88		
D	107		
E		575	
	-----	-----	
	301	1125	1426

Section 9550E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A	900		
B	70		
C	106		
D		525	
	-----	-----	
	1076	525	1601

Section 9500E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A	750		
B	150		
C	72		
D	107		
E		525	
	-----	-----	
	1079	525	1604

Section 9450E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A	500		
B	250		
C	106		
D	92		
E	106		
F		500	
	-----	-----	
	1054	500	1554

Section 9400E Amount of Gravel (square meters)

<u>Area</u>	<u>Probable</u>	<u>Possible</u>	<u>Total</u>
A		300	
B	250		
C	106		
D	95		
E	106		
F		570	
	-----	-----	
	557	870	1427

APPENDIX B
VOLUME ESTIMATES

Volume estimates

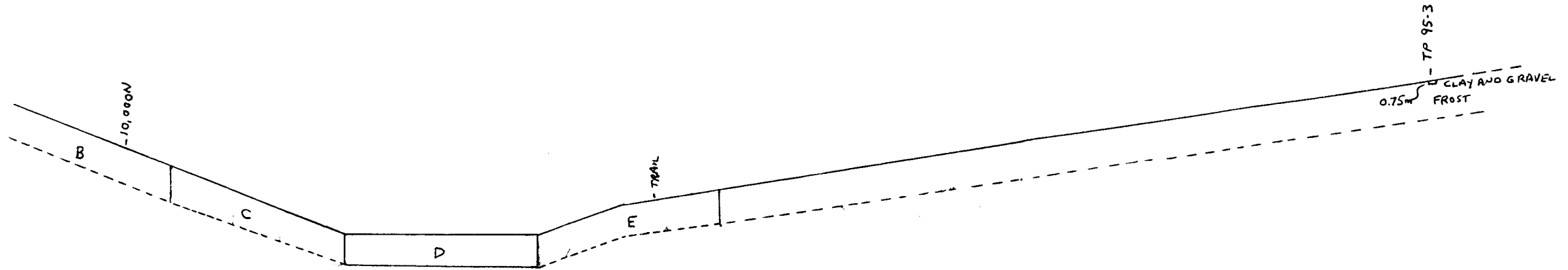
<u>Section</u>	<u>Volume</u> (m3)	<u>Cumulative Volume</u> (m3)
10150 - 10100E	71,500	71,500
10100 - 10050E	67,525	139,025
10050 - 10000E	62,150	201,175
10000 - 9950E	65,425	266,600
9950 - 9900E	70,075	336,675
9900 - 9850E	70,000	406,675
9850 - 9800E	71,500	478,175
9800 - 9750E	71,350	549,525
9750 - 9700E	71,025	620,550
9700 - 9650E	73,750	694,300
9650 - 9600E	72,775	767,075
9600 - 9550E	75,675	842,750
9550 - 9500E	80,125	922,875
9500 - 9450E	78,950	1,001,825
9450 - 9400E	74,525	1,076,350

Mineable Gravel

1,076,350 m3
(1,407,000 yd3)

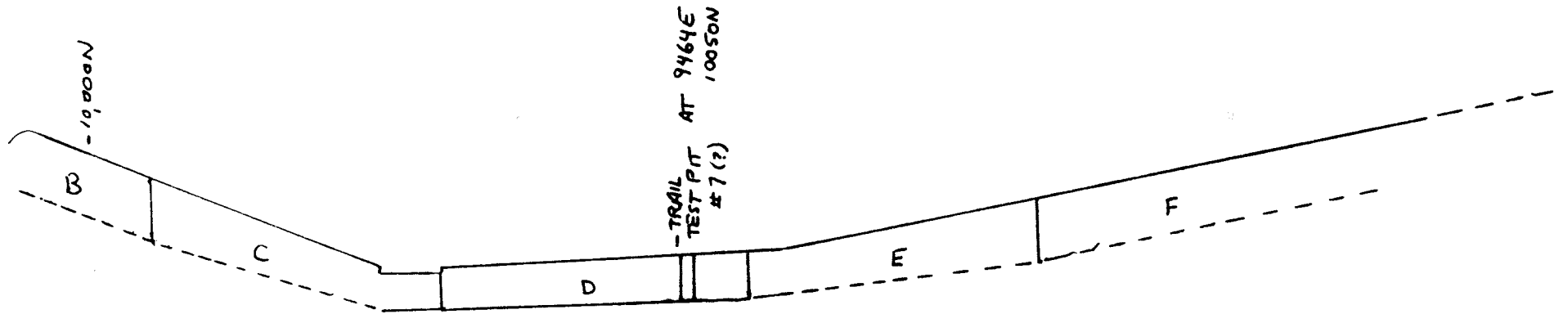
APPENDIX C
CREEK SECTIONS

SECTION 9400E (LOOKING WEST)
1:500



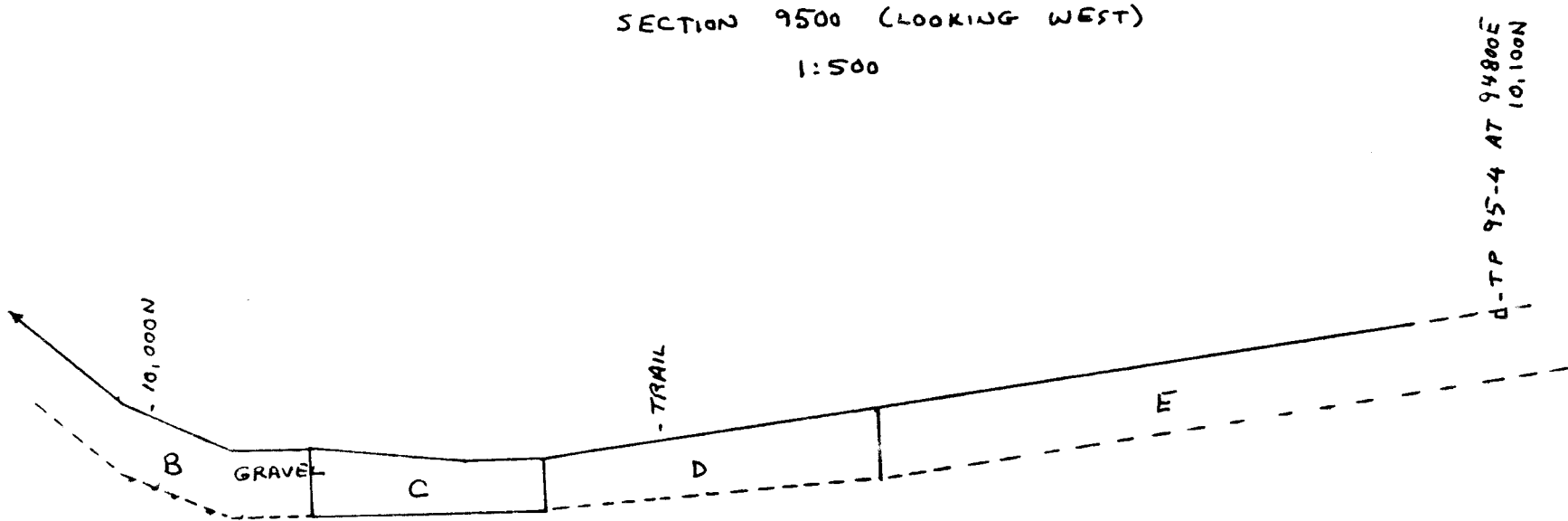
SECTION 9450 E (LOOKING WEST)

1:500



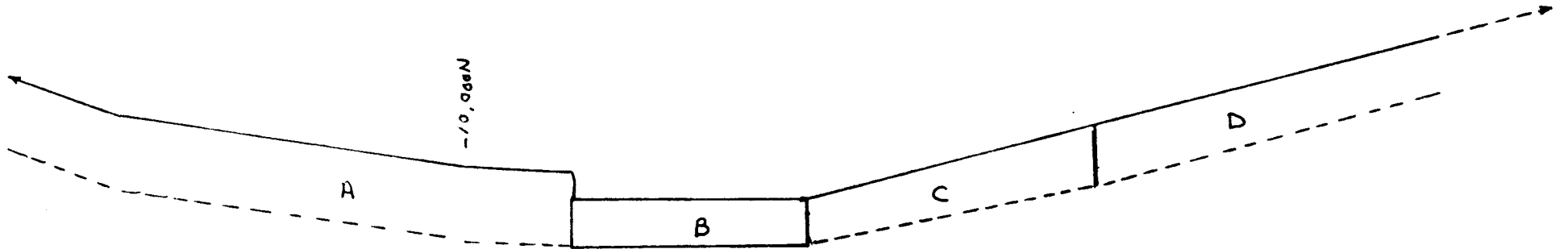
SECTION 9500 (LOOKING WEST)

1:500



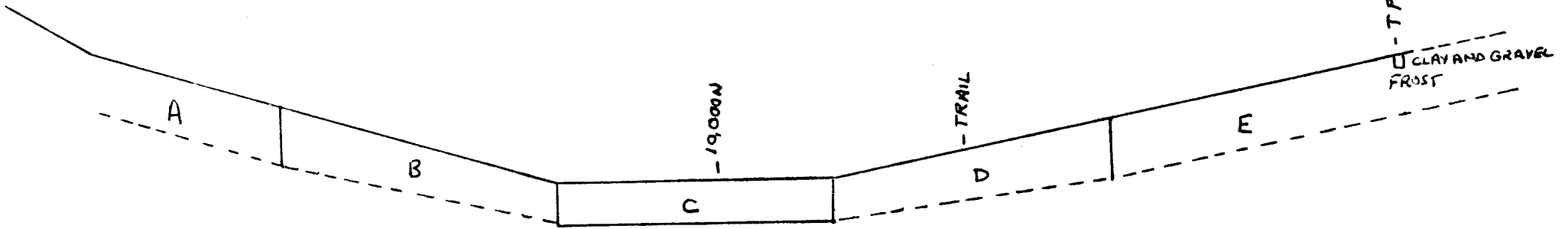
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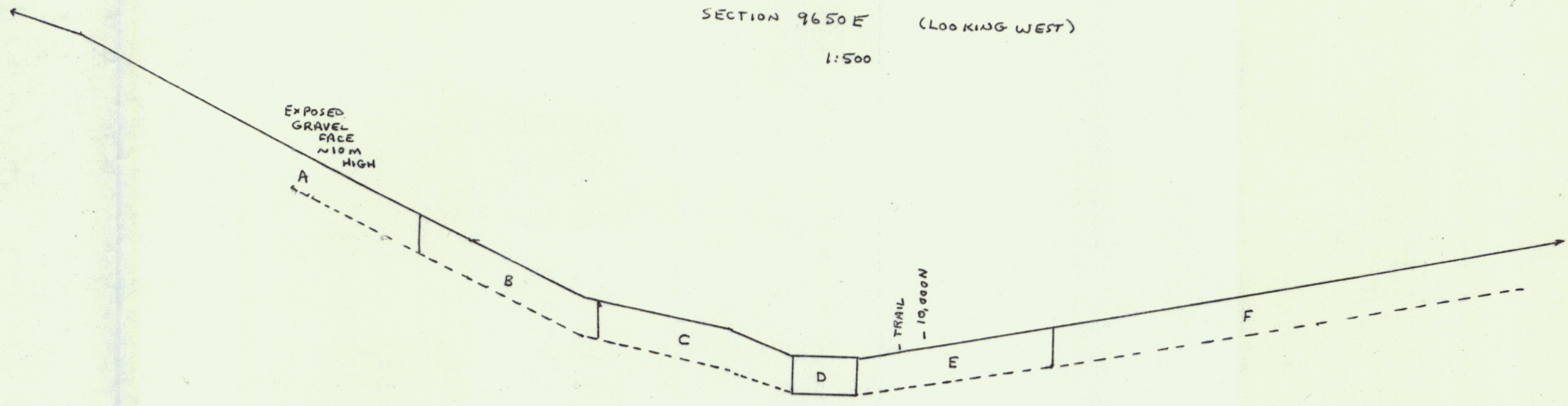
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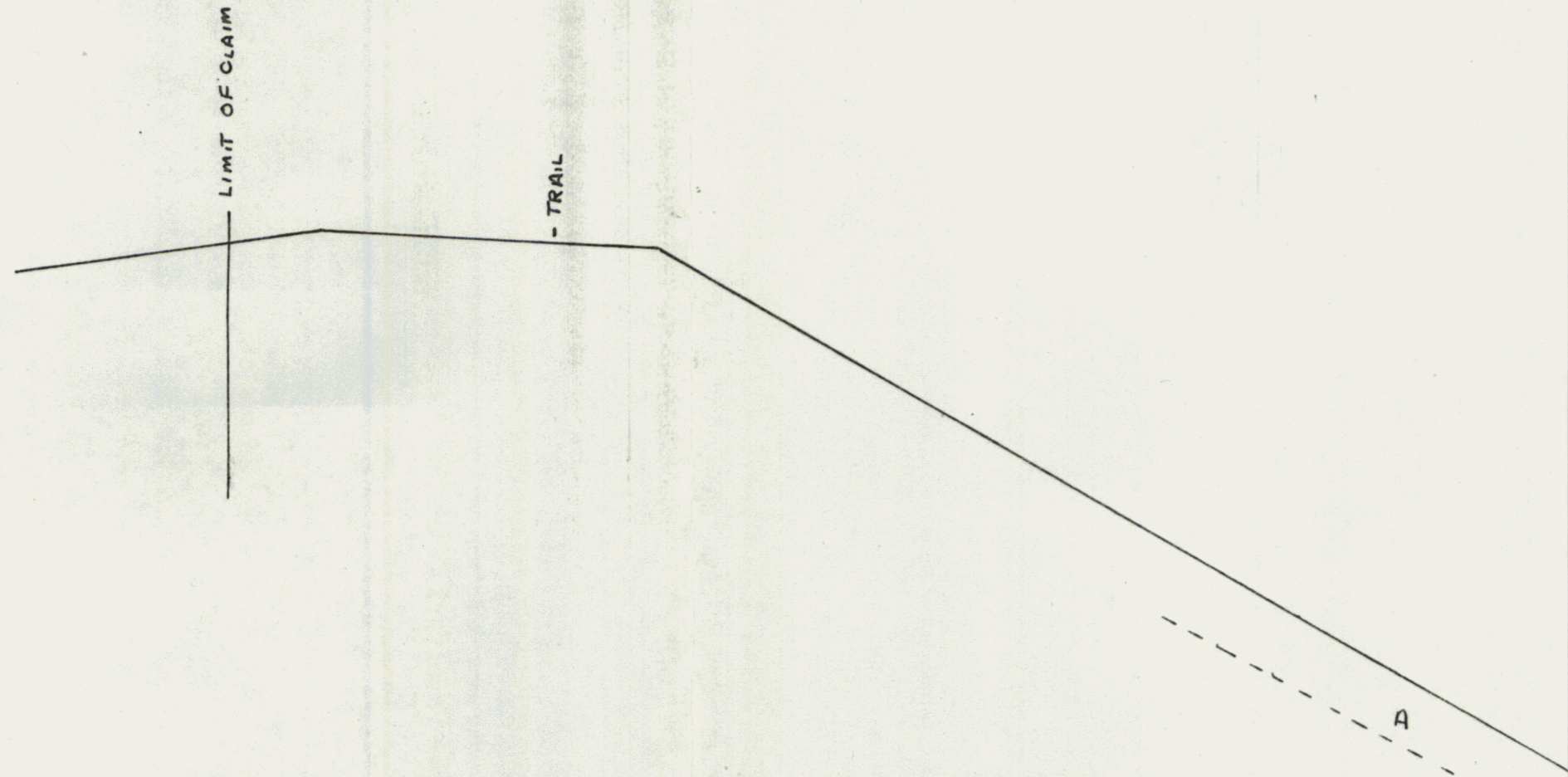
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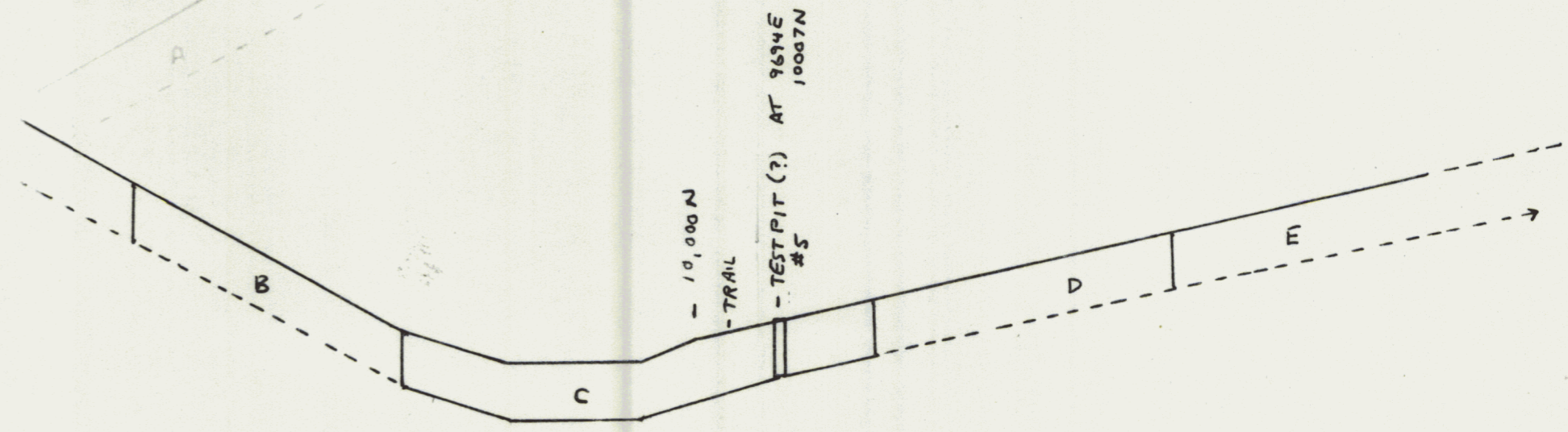
SECTION 9650 E (LOOKING WEST)

1:500



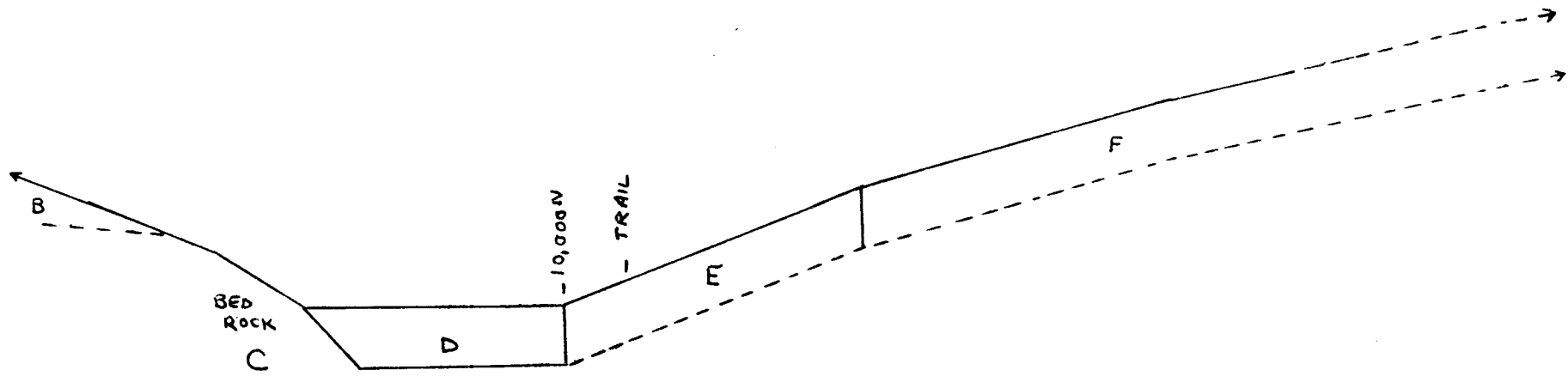


SECTION 9700 E (LOOKING WEST)
1:500



SECTION 9750E (LOOKING WEST)

1:500

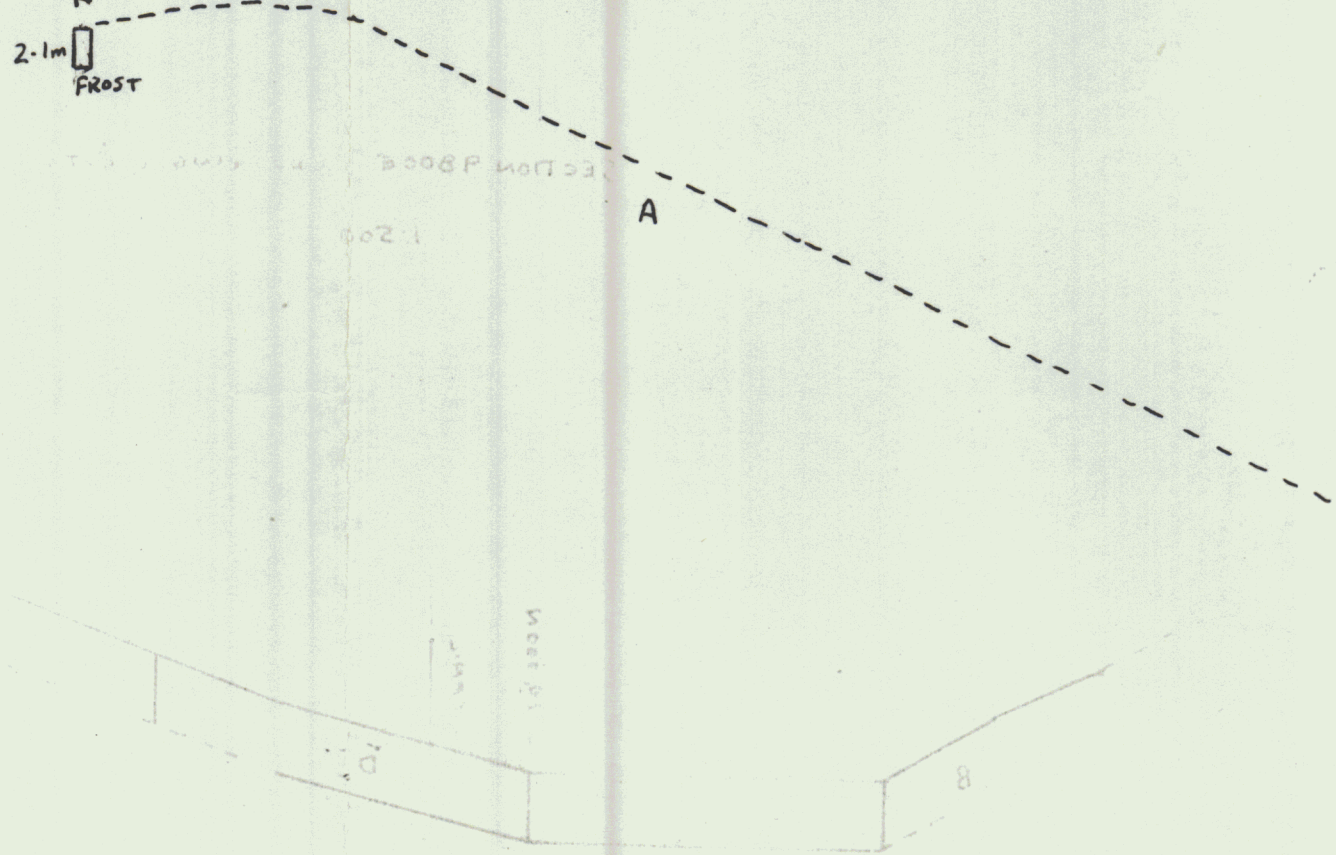


LIMIT OF CLAIM

TP-95-1 AT 9790E
9862N

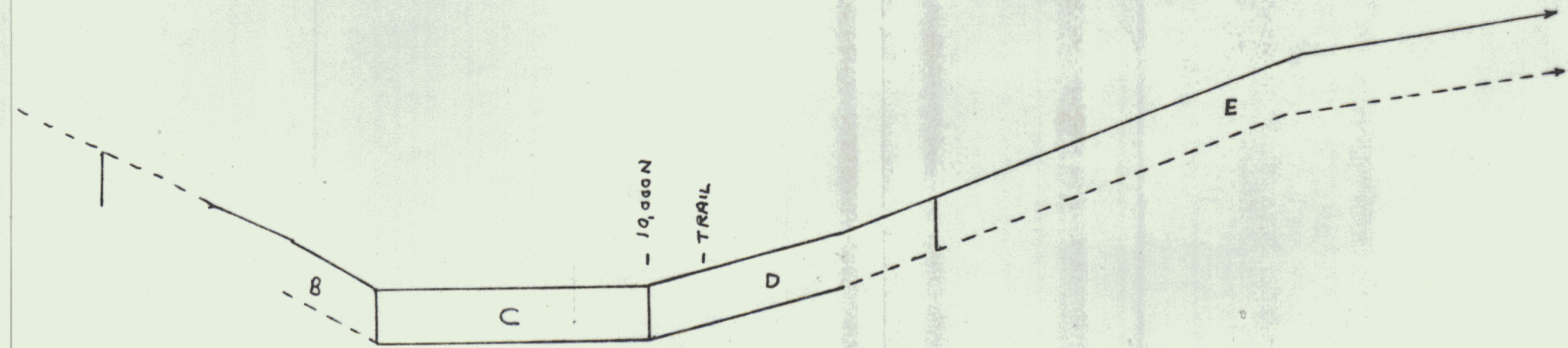
2.1m
FROST

-TRAIL



SECTION 9800E (LOOKING WEST)

1:500



TL 9850N (LOOKING NORTH)

1:500

9700E

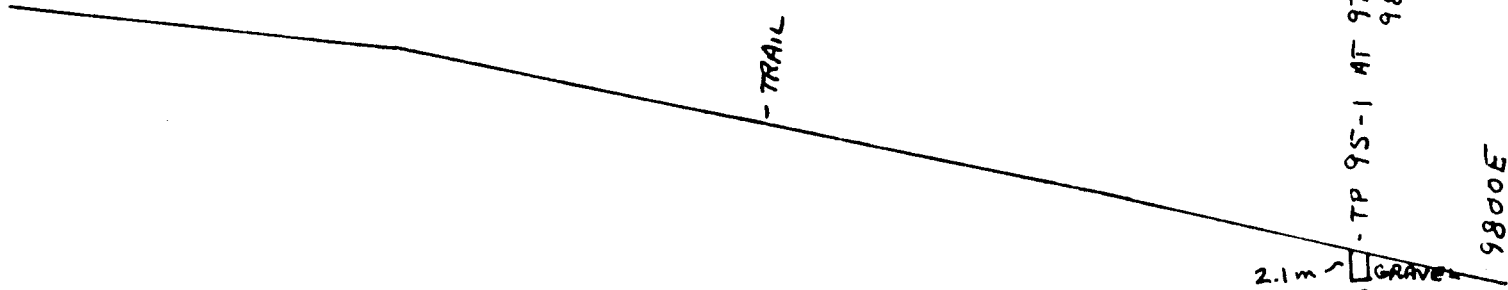
- TRAIL

- TP 95-1 AT 9790E
9862N

2.1 m

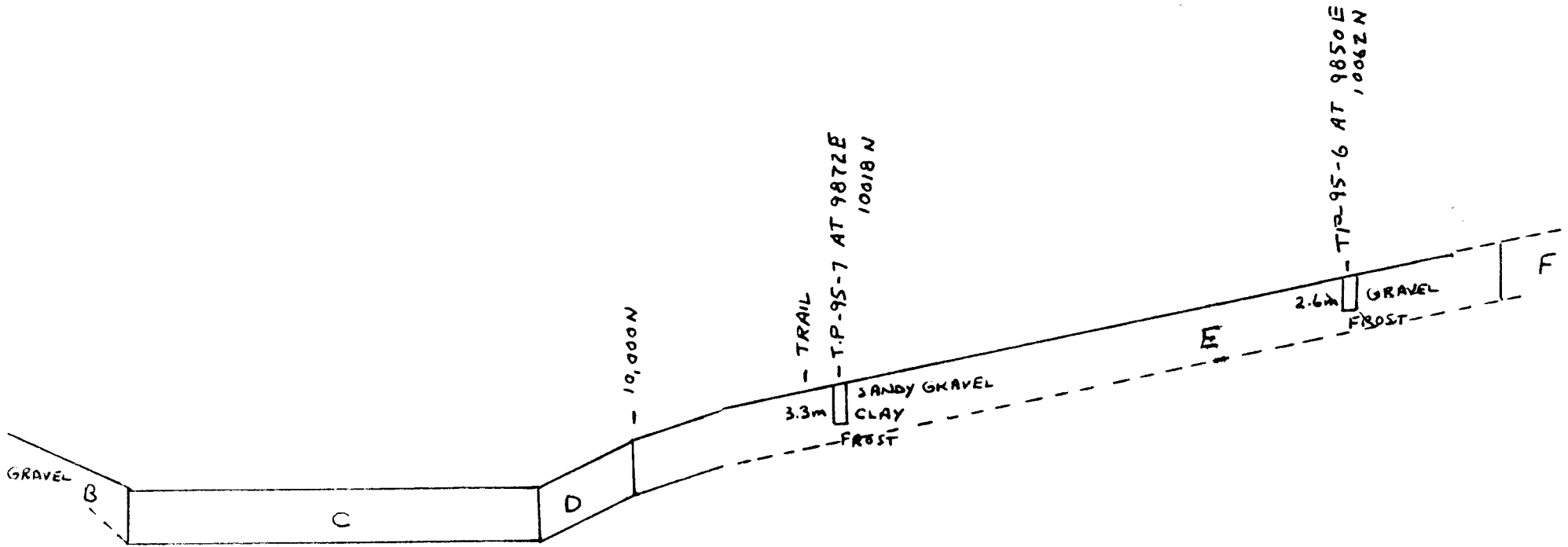
GRAVE
FROST

9800E



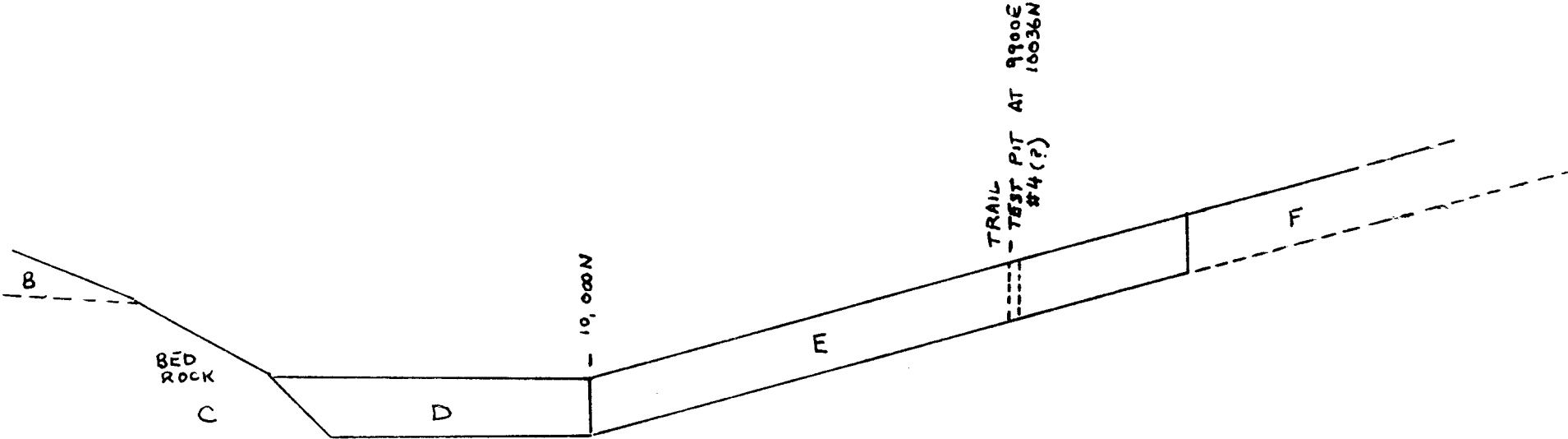
SECTION 9850 E (LOOKING WEST)

1:500



SECTION 9900E (LOOKING WEST)

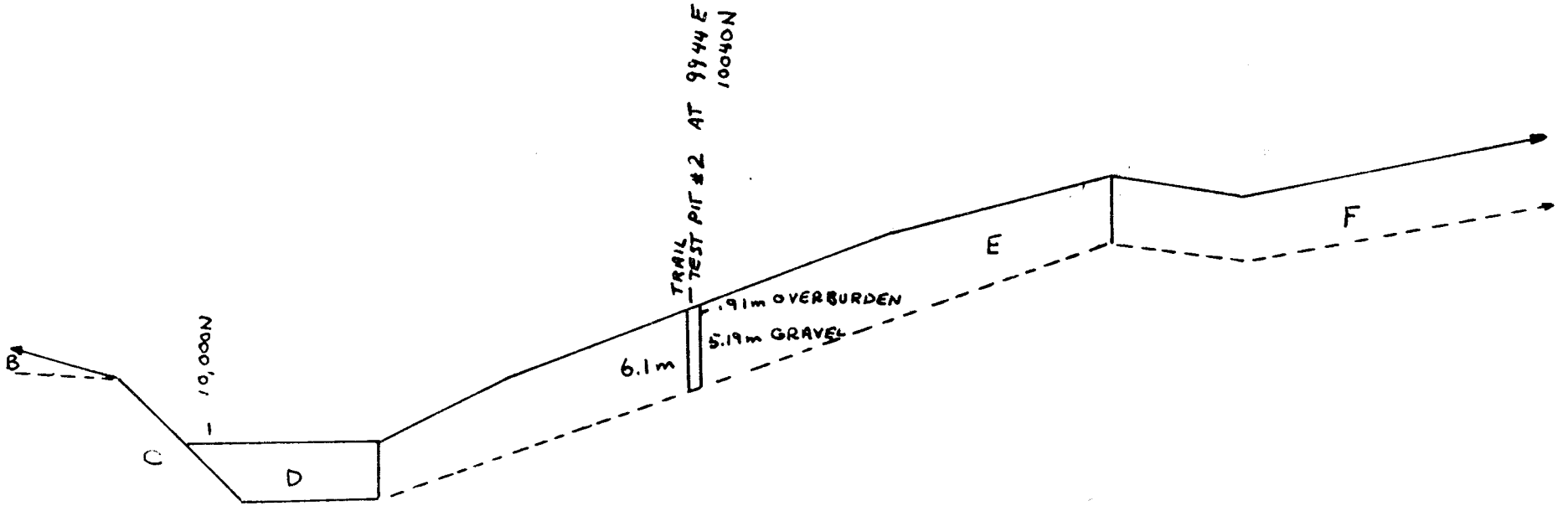
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SECTION 9950 E

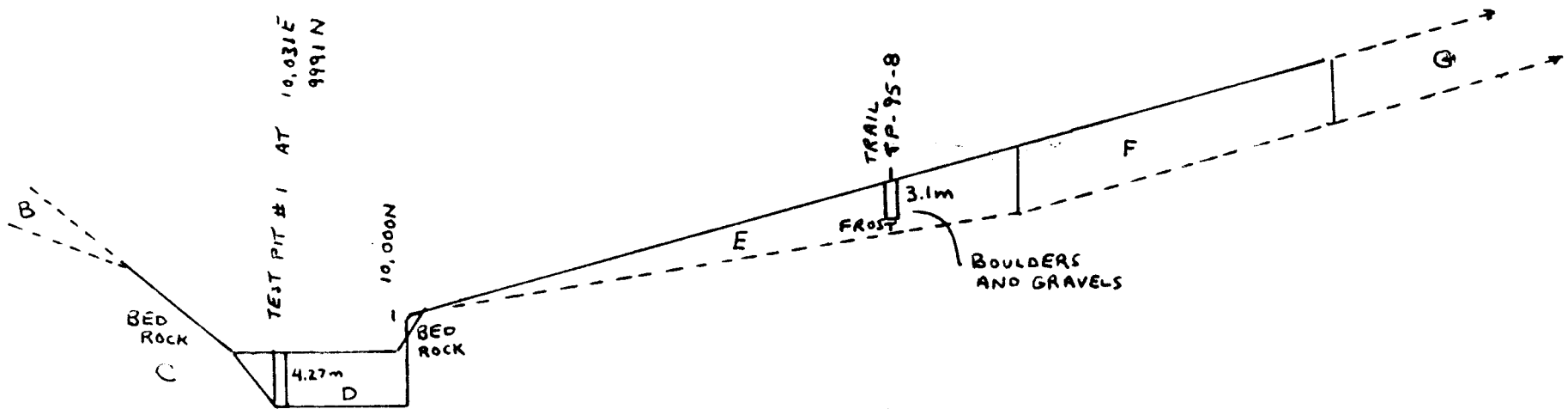
(LOOKING WEST)

1:500



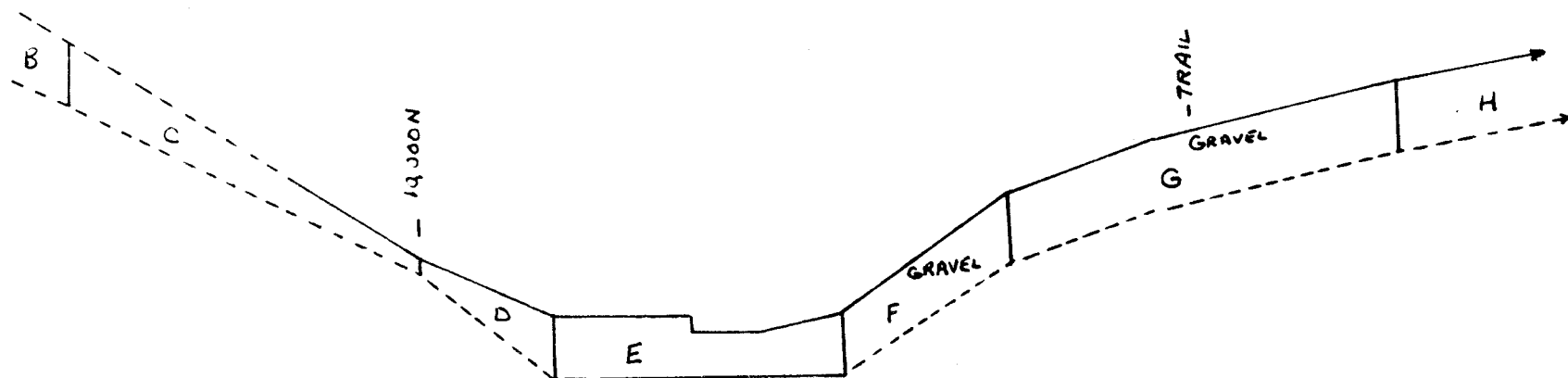
SECTION 10,000 E (LOOKING WEST)

1:500



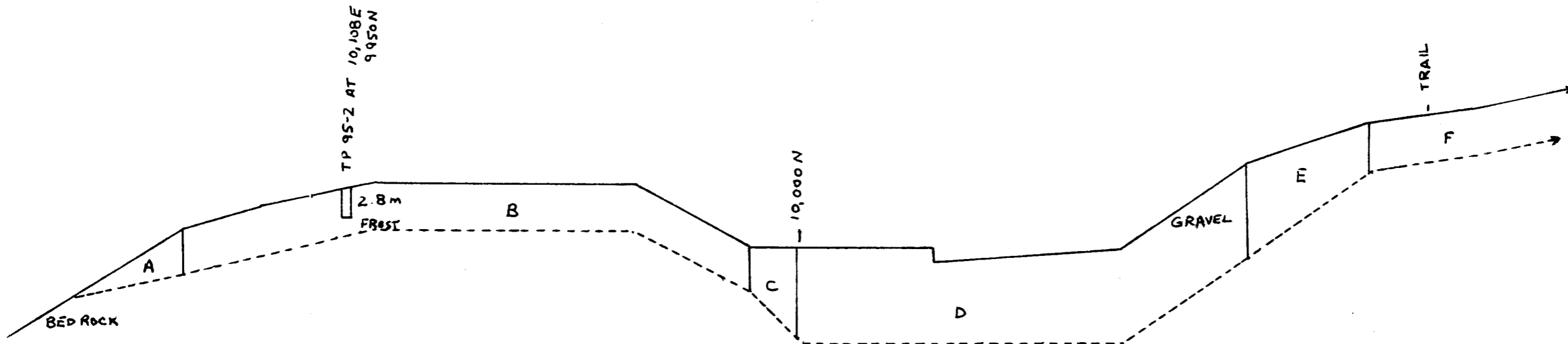
SECTION 10,050E (LOOKING WEST)

1:500

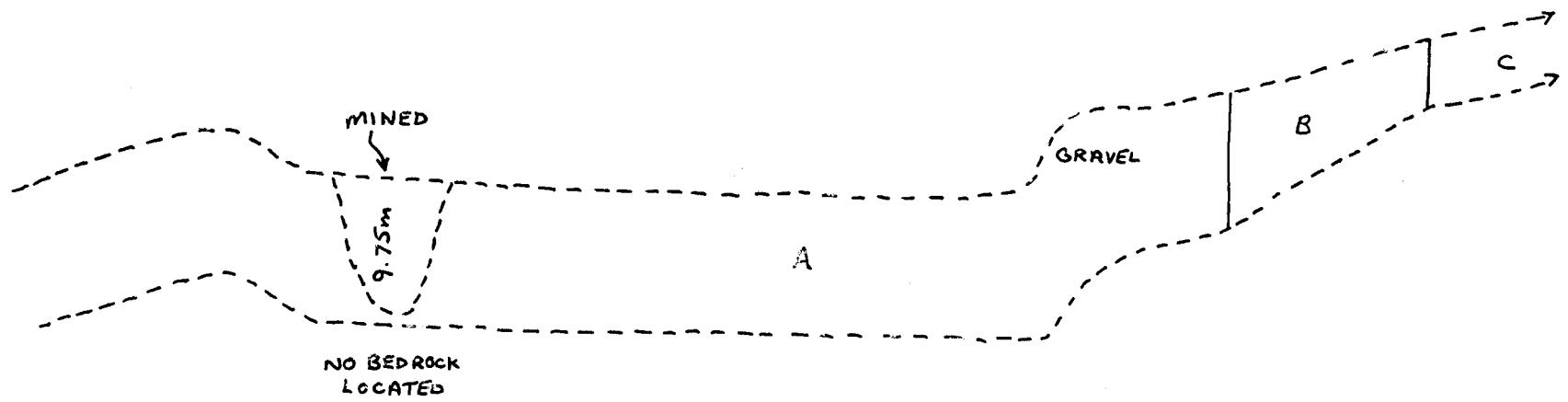


SECTION 10,100E (LOOKING WEST)

1:500



SECTION 10, 150E (LOOKING WEST)
1:500



APPENDIX D
ASSAY RESULTS
AND
GRADE CALCULATIONS

Weight of gold removed from concentrate samples:

Sample number	Weight (mg)	Weight (g/m ³)	Weight (g/yd ³)	\$/yd ³
95-1 coarse	348.0			
fine	<u>0.3627</u>			
total	348.3627	17.4181	13.3249	176.25
95-2A coarse	215.391			
fine	<u>0.010</u>			
total	215.401	10.7701	8.2391	108.98
95-2B coarse	220.826			
fine	<u>0.106</u>			
total	220.932	11.0466	8.4506	111.78
95-2C coarse	271.593			
fine	<u>5.868</u>			
total	277.461	13.8731	10.6129	<u>140.38</u>
95-2 (avg.)				120.38
95-3* coarse	26.0			
fine	<u>0.3408</u>			
total	26.3408	1.3170	1.0075	13.33
95-4* coarse	1054.0			
fine	<u>0.1227</u>			
total	1054.1227	52.7061	40.3202	533.34
95-5* coarse	160.0			
fine	<u>0.1528</u>			
total	160.1528	8.0076	6.1258	81.03
95-6 coarse	168.0			
fine	<u>0.0150</u>			
total	168.0150	8.4008	6.4266	85.01
95-7 coarse	423.0			
fine	<u>0.4886</u>			
total	423.4886	21.1744	16.1984	214.27
95-8 coarse	263.044			
fine	<u>1.869</u>			
total	264.913	13.2457	10.1329	134.03

* indicates a shallow test pit or surface sample

Weight of gold in -180 micron fraction:
 (calculated from two 30 g fire assays of -180 material)

Sample number	Gold (ppb)	Weight (g) -180 Fraction	Gold (mg)
FTP-95-1	10 <u>13</u> 11.5	3175.2	0.0365
FTP-95-2	14 <u><5</u> 7	7030.8	0.0492
FTP-95-3	<5 <5	3402.0	0
FTP-95-4	12 <u>11</u> 11.5	4309.2	0.0496
FTP-95-5 not processed due to equipment problems			
FTP-95-6	9 <u>9</u> 9	3628.8	0.0327
FTP-95-7 sample not collected			
FTP-95-8	146 <u>142</u> 144	3855.6	0.5552

Weight of gold removed from processed samples:

Sample number	Weight(mg)	Weight(g/m3)	Weight(g/yd3)	\$/yd3
B-95-1 coarse	302.0			
fine	<u>0.0365</u>			
total	302.0365	15.1018	11.5529	152.82
B-95-2 coarse	269.0			
fine	<u>0.0492</u>			
total	269.0492	13.4525	10.2911	136.13
B-95-3* coarse	255.0			
fine	<u>0</u>			
total	255.0	12.7500	9.7538	129.02
B-95-4* coarse	460.0			
fine	<u>0.0496</u>			
total	460.0496	23.0025	17.5969	232.76
B-95-5* not processed due to equipment problems.				
B-95-6 coarse	686.0			
fine	<u>0.0327</u>			
total	686.0327	34.3016	26.2408	347.10
B-95-7 sample not collected.				
B-95-8 coarse	1.367			
fine	<u>0.5552</u>			
total	1.9222	0.0961	0.0735	0.97

* indicates a shallow test pit or surface sample

Average weight of gold removed from each test pit:

<u>Sample number</u>	<u>\$/yd³</u>
95-1	176.25
B-95-1	<u>152.82</u>
TP-95-1 average	164.54
95-2 avg.	120.38
B-95-2	<u>136.13</u>
TP-95-2 average	128.26
95-3	13.33
B-95-3	<u>129.02</u>
TP-95-3 average	71.18
95-4	533.34
B-95-4	<u>232.76</u>
TP-95-4 average	383.05
95-5	81.03
95-6	85.01
B-95-6	<u>347.10</u>
TP-95-6 average	216.06
95-7	214.27
95-8	\$134.03
B-95-8	<u>0.97</u>
TP-95-8 average	67.50

Average of 8 test pits.

\$165.74/yd³

Project Expenditures

Sample Processing (Mackay Talkiner & Assoc.)	192.60
Equipment Rental	
Eubola KH101 (Guaranteed Rentals)	
2 days @ \$250/day	500.00
Trucking 550km @ \$1.88/km	1034.00
Professional Services	
four field days @ \$350/day	1400.00
six processing days @ \$350/day	2100.00
Report three office days @ 350/day	<u>1050.00</u>
Total	\$6276.60

STATEMENT OF QUALIFICATIONS

I have a Bachelor of Engineering degree in Geological Engineering from the University of Saskatchewan, 1982.

I am a member of the Association of Professional Engineers of Yukon Territory.

I have worked in the mineral exploration and mining industries in northern Canada since 1975.

I reside at Km 10.5 of the North Klondike Highway, and have been a resident of the Yukon Territory since 1985.

I completed the work on the Fry Pan Creek property.

I hold no interest in the above mentioned property.

Kenneth D. Galambos
K.D. GALAMBOS P. Eng.
PROFESSIONAL
YUKON
K.D. GALAMBOS
TERRITORY
ENGINEER