

**ROSEBUTE CREEK DRILL PROGRAM
by 6' Auger Drill
Assessment Report**

**on
ROSE 1 to 51 Claims**

Grant Number P 45466 – P 45516

Owned by 19651 Yukon Inc.

Work Performed between November 30, 2004 – January 10, 2005

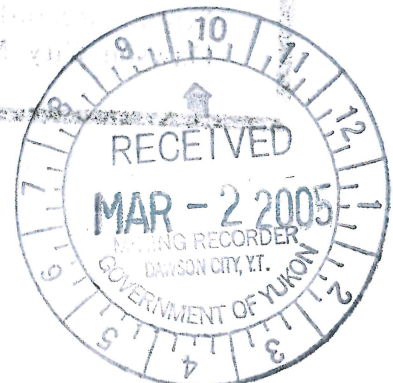
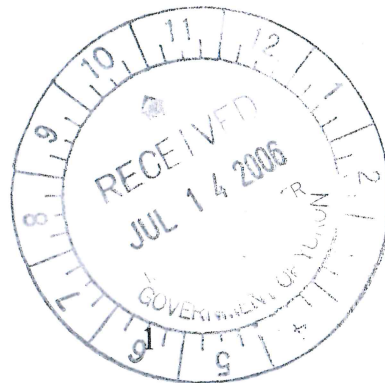
**Location UTM 07V 0582116 E
7049554 N**

NTS 115-0-11

Dawson Mining District

Prepared by Tom Morgan and Vern Matkovich for 19651 Yukon Inc.

February 22, 2005



Costs associated with this report have been
approved in the amount of \$ 40,600
for assessment credit under Certificate of
Work No. A002929

H. Leroy

Mining Recorder
Dawson City Mining District

ROSEBUTE CREEK DRILL PROGRAM SUMMARY REPORT

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LOCATION AND ACCESS

Rosebute Creek is located approx. 60 kms. by air south of **Dawson City** in the **Yukon**. It is on NTS map sheet 115-0-11 in the **Dawson Mining District**. The GPS coordinates for the end of the access trail at the upper right limit tributary to **Rosebute Creek** that the **ROSE CLAIMS** are located on are UTM 07V 0582116 E

7049554 N (Lat. 63° 33.87 N , Long. 139° 20.80 W)

The **ROSE CLAIMS** can be reached by helicopter from **Dawson** (approx. 60 kms.), or with a

4-wheel drive following mining roads and Cat trails (approx. 150 kms.). The **Hunker Creek** road is followed to **Hunker Summit**, then either the **Dominion Creek** or **Sulphur Creek** routes can be taken to the **Granville** turn-off. At **Granville** the road leads off to the south and crosses the **Indian River**. Proceed on through **Eureka Creek** and along the ridge past **Montana Creek** to **Black Hills Creek**. Approx. 8 kms. down **Black Hills Creek** , and about 200m. before Joel White's placer mining camp, the road to **Henderson Creek** leads off to the right. Follow this road past the **Maisy May Creek** turn-off, then turn off to the right on a less traveled trail (N.N.W.) towards **Henderson Dome**. Follow this trail for approx. 25 km to where the trail forks at the head of **Rosebute Creek**, then take the right fork of the trail for 12 kms. along the ridge to the dome above the right limit tributary to **Rosebute Creek**. Keep following this trail a further 5 kms. down into this tributary to the end of the road, which ends at **ROSE CLAIM 40**.

Project Description

The project is a placer gold exploration property on a upper right limit tributary of **Rosebute Creek**, which is a right limit tributary to the **Yukon River**. It enters the **Yukon River** below the **Stewart River** and above **Reindeer Creek**, and is the drainage for the south-east slopes of **Reindeer Mountain**. **ROSE CLAIMS 1 to 51** cover this tributary. These claims were staked from a lease in late Feb. 2004, and claim numbers are pending.

HISTORY

Exploration activity on **Rosebute Creek** goes back more than 100 years. Early maps of the **Klondike** have it called **Rosebud Creek**, but show it fairly accurately when much of the **Klondike** is poorly drawn or marked unexplored. Wallace's "*Map of the Klondike and Indian River Gold Fields, 1898*" show a discovery claim well upstream on the creek.

Over the years the authors have variously had opportunities to traverse up and down the entire creek, either staking for other people, staking for themselves, or working on drill programs for former claim holders. Many old cabins and workings have been seen, and most of these are on the upper right limit tributary covered by the **Rose Claims**. In his book, "*Pack Horse Tracks*" **Bostock** writes about a traverse made down this tributary in 1932. He mentions seeing many cabins, some unfinished, and shafts with windlasses still up. He states that a stampede to **Alaska** took all the miners away.

The ground at the confluence of **Rosebute Creek** and the upper right limit tributary covered by the **Rose Claims** was held in the early 80's by Art Fry and a drill was flown in and drilling was done. However, due to problems encountered none of the drill samples were taken out or processed, and can still be seen on the ground today. One of the present owners of the ground, Carl Jonas, worked as a drillers helper on that job and recalls seeing cabins like those described by Bostock, with windlasses and rope still intact. These cabins were on **Rose Claims 26-32**.

The upper right limit trib covered by the **Rose Claims** was held from the late 70's to the late 80's by Mel McDermott. He put in 40kms of road, explored by shafting and with equipment, and mined an area around some of the old workings on **Rose Claims 26-32**. He is reported to have taken out coarse gold. The ground was optioned in 1989 by Torfin Djukinstien, who spent one season mining in the area that McDermott had opened up. A miner from **Black Hills Creek** has spoken to one of the authors about having seen the nugget gold that McDermott was getting. This miner has expressed interest in the right limit tributary covered by the **Rose Claims**, and has staked ground on **Rosebute Creek** below the **Rose Claims**.

The ground covered by the **Rose Claims** has been held by Carl Jonas, Tom Morgan and Vern Matkovich since the mid 1990's. Hand dug trenches and shafts have been used to explore the ground, with the most recent work being done on bench remnants on **Rose #37-40**. A hand trench cross cutting the rim of a small bench remnant in **Claim 40** produced 2 grams of gold with some coarse color. A pay channel is believed to be further back on the bench, as bedrock was dropping in the trench. On the upper claims, these benches have been cut by the present creek. However, from **Claim 18** down to the confluence the valley widens and the bench is more preserved. These bench areas and the creek channel beside them have had no documented exploration. **ROSE CLAIMS 18 to 26** cover a narrow and steep part of the creek and are also unexplored. **CLAIMS 26 to 32** have been mined, and **CLAIMS 32 to 40** have had stripping and exploration activity with equipment. **CLAIMS 40 to 51** have had no documented exploration.

In light of the long history of activity and continued interest in the property, the authors of this proposal feel that an organized drill program on this creek is warranted.

Samples of gold recovered with hand methods showed encouraging results which need follow-up. Work is currently being done at the confluence of the right limit trib. and **Rosebute Creek** by the owners of the **DAWSON CLAIMS**. A shaft put down this past winter on **DAWSON CLAIM 50**, which adjoins **ROSE # 1**, was said to contain economic amounts of placer gold. This shaft is within the influence of the right limit tributary covered by the **ROSE CLAIMS**.

ROSE CLAIMS 1 to 51 cover a large area of potentially economic placer ground. An extensive drill program is needed to identify concentrated pay channels and help focus bulk testing with hand shafts and equipment.

GENERAL GEOLOGY

Rosebute Creek lies in the **Ogalvie** map area (Bostock, Map, 1942), which is underlain mainly by a series of metamorphic rock that form a broad northwesterly belt through the **Yukon**. This belt is bounded on the northeast by the **Tintina Trench**, which passes through the northeast section of the **Ogalvie** map sheet.

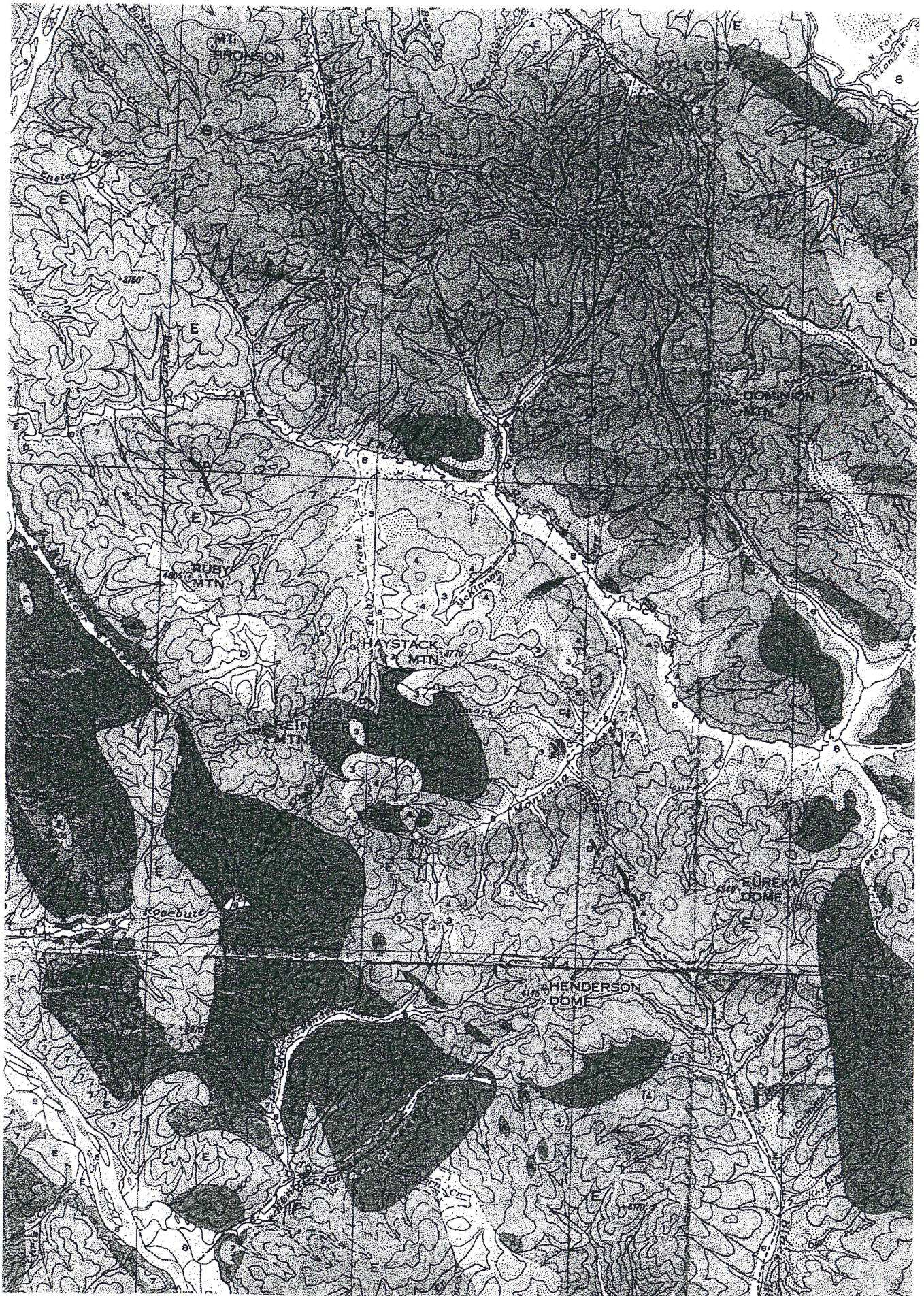
The **Indian River Fault**, as indicated by Templeman- Kluit (1972), trends at 123° along the **Indian River** valley and marks the boundary between metamorphic rocks to the north, mapped as **Klondike Series**, and those marked as **Yukon Group** or **Nasina Series** to the south. The prospect lies to the south of the **Indian River Fault** in the area marked as **Yukon Group**. The **Yukon Group** is comprised mainly of dark colored quartzite, quartz mica schist and minor limestone. (Bostock, Ogalvie Map, 1942)

Ultramafics intrude at the head of the right limit tributary to **Rosebute Creek** covered by the **Rose Claims**. The intrusion is bounded to the south and west by amphibolite schist and quartz mica schist and minor limestone. To the north the ultramafic contacts a basalt flow identified as **Carmacks Group**. (Bostock) Eocene sediments are also present along the northern contact of the intrusion.

A strong northwest trending lineament, identified as the **Maisy May- Reindeer Lineament**, (Milner, OSV 5-00.7) which extends through the valley systems of **Maisy May Creek**, **Reindeer Creek** and **Galena Creek**, also passes through the goldfields of **Henderson Creek** and the ultramafic intrusion mentioned above at the head of the **Rose Claims**. This suggests crustal weakness and permeability allowing for ascending magmas and hydrothermal solutions. (Milner, OSV-5-00.7)

The upper right limit tributary covered by the **Rose Claims** cuts through dark colored quartzite, quartz mica schist and granite gneiss. Bedrock is blocky and large boulders are present in the creek.

N



1" = 1 mile

**Regional Geological Legend
115-0-1 and 115-0-2**

by H. S. Bostock

RECENT

8-Stream deposits

TERTIARY AND MODERN

7-Stream deposits

SELKIRK SERIES

6-Basalt, andesite

TERTIARY

EOCENE OR LATER

5-Granite porphyry, syenite porphyry

4-Andesite, basalt, dacite, trachyte, rhyolite; breccia,
tuff, agglomerate

EOCENE

3-Conglomerate, sandstone, shale, coal; tuff

JURASSIC OR LATER

2-Chiefly granite and granodiorite

ORDOVICIAN OR LATER

1-Argillite, sandstone, conglomerate

PRECAMBRIAN AND LATER

A-Chiefly gneissic granite

B-Klondike schist: sericite schist, minor chlorite schist

C-Gabbro, pyroxene, peridotite, serpentine

D-Limestone

E-Gneiss, quartzite, schist, slate

MAP 711A

OGILVIE, YUKON

Scale 1: 253,440

One inch to 4 miles

WORK DONE

- November 30th started preparing for the trip, getting gear together and working on the drill
- Moving drilling equipment to the Creek – Access to Rosebute Creek – 3 days of plowing and moving gear in
- Very long and rough road with deep snow (85km)
- Setting up camp and sampling facilities
- Fixing break-downs on drill
- Drilling upper end of the claims
 - A total of 15 holes was drilled (RC04-H1 to H15)
 - Total footage of 206.5'
- Trying to put access to lower parts of the claim
- Processing of samples
- Christmas break
- Cleaning road again
- Drilling of few lines
 - A total of 6 holes was drilled (RC04-H16 to H21)
 - Total footage of 95'
- Unfavorable weather conditions
- Demob of camping gear
- Sampling procedure and grade calculations
- Personnel on the job were Vern Matkovich, Carl Jonas, Jerry Bryde and Tom Morgan

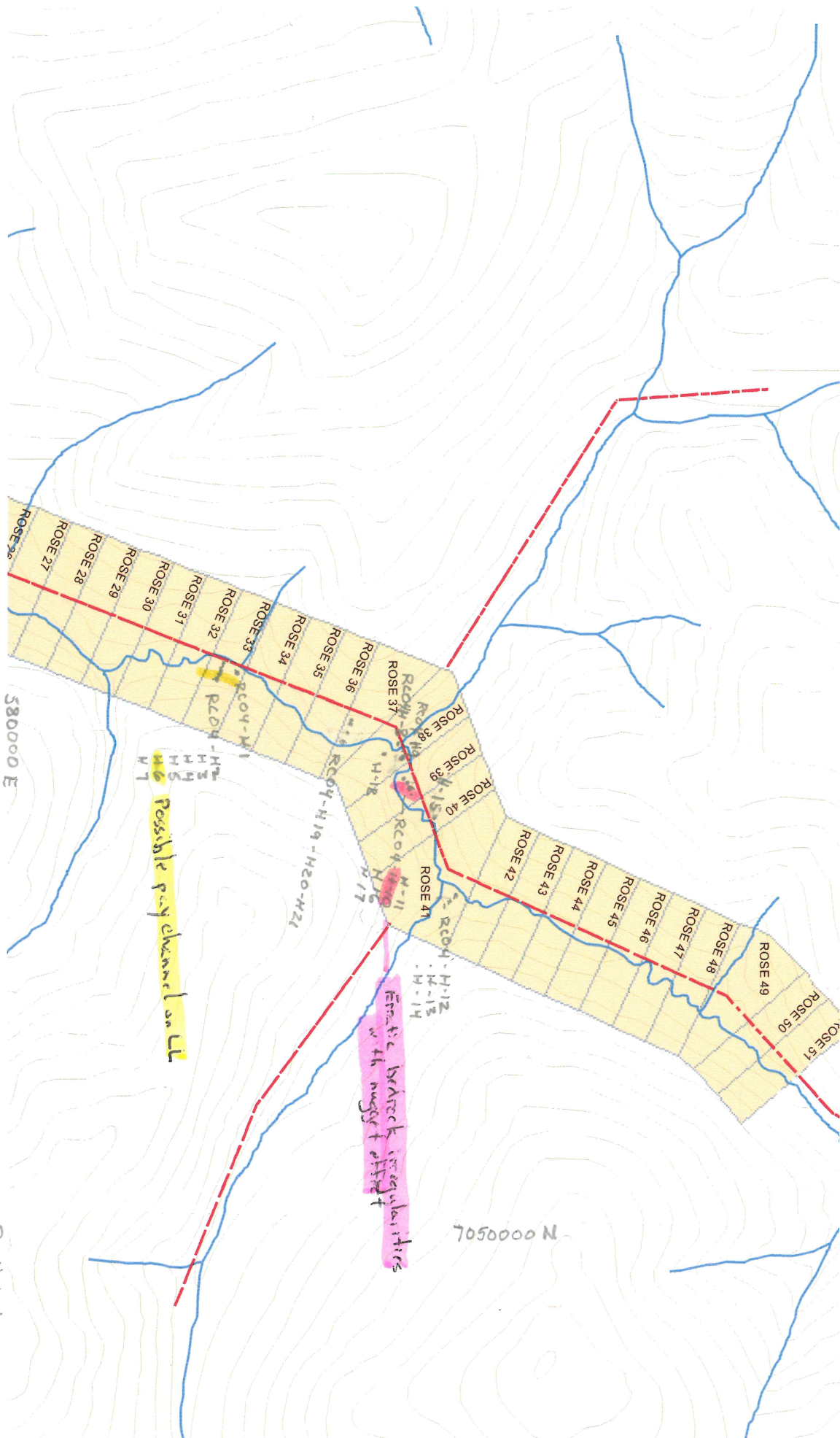
The samples were processed at Rosebute Creek and the Indian River Hay Farm. The sampled material was cleaned off the augers on to the sample tray. The material was shoveled from there into 5 gallon pails and labeled. These drill cuttings were washed through a small longtom. The concentrate from the longtom mats was hand panned down to Au particles which were weighed and grade calculations made

For more details please see Itinerary below.

ITINERARY

November 30th – December 4th Vern and Jerry working on drill and preparing gear.
December 5th Jerry working on drill, got cat going and plowed up to left fork Montana Creek. Jerry picked up Vern at midnight. *6 hours cat time.*
December 6th – 9th working on drill and smoothing snow road with loader tires.
December 10th got cat going and plowed to ridge road between Rosebute and Montana. 10 hours cat time. Jerry picked up Vern.
December 11th Jerry and Vern moving cat ahead. Tom packed up truck with camp gear and followed Vern and Jerry to Rosebute. Vern came back out to the Farm.
December 12th – 14th Tom and Jerry setting up camp and figuring out drill hole location. Vern and Carl coming in with drill and truck.
December 15th went to drill and discovered a blown planetary.
December 16th Vern went for parts.
December 17th drilled 3 holes.
December 18th drilled 5 holes. Tom and Jerry processed samples.
December 19th Tom and Vern went to the Farm. Vern went to town for parts - had to plow the road out (road blew in from the Farm to town). Carl and Jerry processed samples.
December 20th Vern back into Rosebute. Drilled 1 hole. Carl and Jerry processed samples.
December 21st drilled 3 holes. Carl and Jerry processed samples.
December 22nd drilled 3 holes. Cat ran 3 hours plowing the road from Rosebute to the Montana Dome. Carl and Jerry processed samples.
December 23rd Carl and Jerry out.
January 5th plowed road into Rosebute from Montana Creek – 4 hours.
January 6th drilled 3 holes.
January 7th drilled 3 holes.
January 8th plowing drifted-in road back out - 9 hours.
January 9th finished walking the drill and cat from Montana Creek to the Farm.
The remaining samples were processed and panned at the Farm over a 3 day period

Drill hole Location Map



7050000 N

580000 E

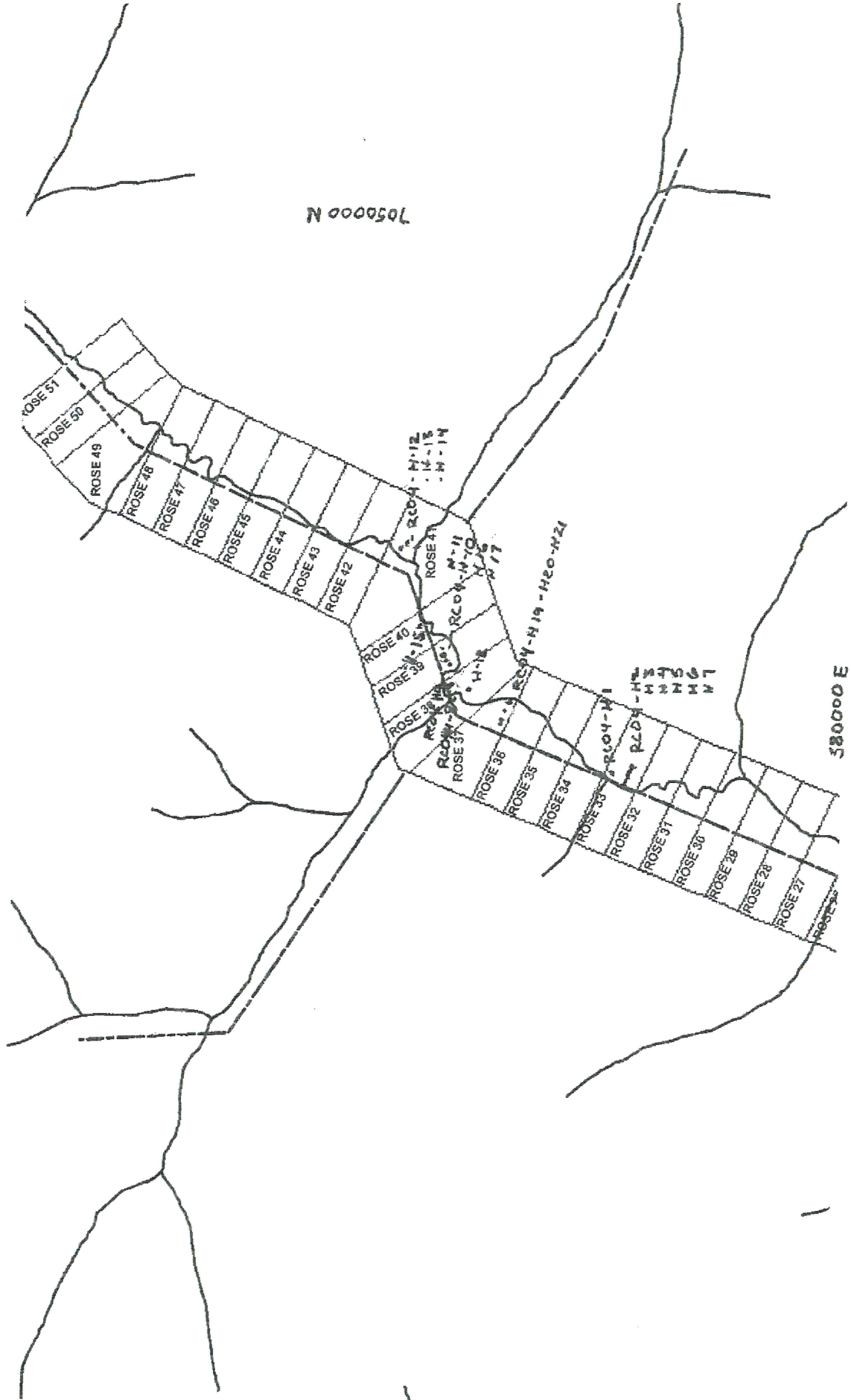
UTM 07V

NTS 1:15-0-11

• Drill hole

43.5 mm = 1 km

Drill hole Location Map



• Drill hole
43.5mm = 1 km

UTM 07V
NTS 1:15,000

Waypoint List

Map Name : 115O11.GIF
Map File : C:\OziExplorer\Maps\50000\115O11.MAP

Datum : NAD83

Waypoint File : C:\OziExplorer\Data\RC04-H1toH21.wpt

2/13/2005 8:21:56 PM

Num	Name	Zone	Easting	Northing	Alt(ft)	Description
1	RC04-H1	7V	581749	7048850		
2	RC04-H4	7V	581730	7048784		
3	RC04-H9	7V	582110	7049569		
4	RC04-H10	7V	582169	7049610		
5	RC04-H12	7V	582648	7049812		
6	RC04-H15	7V	582376	7049676		
7	RC04-H16	7V	582160	7049607		
8	RC04-H18	7V	582088	7049512		
9	RC04-H19	7V	582042	7049318		

Map Feature Waypoints

DRILL LOGS

Hole # - RC04-H1

Date- Dec 17/04

Location - upstream from road

GPS Coordinates- 07V 0581749

UTM 7048850

Time Started- 1:00 Time Finished – 2:30

Hole # - RC04-H1 Auger Size- 5 3/4"

Depth of Muck- 5' Gravel Interval- 5'

Depth to Bedrock- 10' Depth Drilled- 15'

Interval Sampled- 10-15' No. of Pails- 4

Comments-

0'-6': sandy silt to 5' then thawed gravel

6'-10': gravel thawed

10'-15': drilled fast & quiet, slow 14'-15'

Sample panned: a couple of fine colors, some super fine gold.

Abundant heavies, lots & lots.

Driller- Vern Matkovich

Date- Dec 17/04

Hole # - RC04-H2

Date- Dec 17/04

Location – 150' downstream from H1, beside Creek.

GPS Coordinates- 07V 0581722

UTM 7048850

Time Started- 3:00 Time Finished – 4:00

Hole # - RC04-H2 Auger Size- 5 3/4"

Depth of Muck- 5' Gravel Interval- 4'

Depth to Bedrock- 9' Depth Drilled- 11'

Interval Sampled- 5-11' No. of Pails- 2

Comments-

Muck is sand silt and rocks

Thawed ground

Sample panned: 1 small color, not much concentrates

Fine black sand

Driller- Vern Matkovich

Date- Dec 17/04

Hole # - RC04-H3

Date- Dec 17/04

Location – 25' from H2

GPS Coordinates- 07V
UTM

Time Started- 4:10 Time Finished – 5:10

Hole # - RC04-H3 Auger Size- 5 ¾”

Depth of Muck- 5’ Gravel Interval- 5’

Depth to Bedrock- 10’ Depth Drilled- 12’

Interval Sampled- 5-12’ No. of Pails- 2

Comments-

Sandy silt muck

Bottom gravels frozen, hard bedrock

A rock must have scraped off the material from the drill stem. Redrilled.

Driller- Vern Matkovich

Date- Dec 17/04

Hole # - RC04-H4

Date- Dec 18/04

Location – 25' from H3 beside shaft

GPS Coordinates- 07V 0581730
UTM 7048784

Time Started- 9:00 Time Finished – 11:30

Hole # - RC04-H4 Auger Size- 5 ¾”

Depth of Muck- 2’ Gravel Interval- 11’

Depth to Bedrock- 13’ Depth Drilled- 16’

Interval Sampled- 5-16’ No. of Pails-7

Comments-

0’-2’: sandy silt

2’-5’: thawed gravel

5’-13’: coarse, frozen gravel

13’-16’: decayed bedrock

Water in thawed layer, wet hole.

Driller- Vern Matkovich

Date- Dec 18/04

Hole # - RC04-H5

Date- Dec 18/04
Location – 25' from H4
GPS Coordinates- 07V
UTM
Time Started- 12:10 Time Finished – 1:50
Hole # - RC04-H5 Auger Size- 5 ¾”
Depth of Muck- 6' Gravel Interval- 5'-6'
Depth to Bedrock- 11'-12' Depth Drilled- 14'
Interval Sampled- 6'-14' No. of Pails-4

Comments-

0'-3': organics
3'-6': sand, silt
6'-12': hard drilling gravel

frozen hole

Sample panned- two super fine colors
Good con.

Driller- Vern Matkovich Date- Dec 18/04

Hole # - RC04-H6

Date- Dec 18/04
Location – 25' from H5
GPS Coordinates- 07V
UTM
Time Started- 2:00 Time Finished – 3:45
Hole # - RC04-H6 Auger Size- 5 ¾”
Depth of Muck- 9' Gravel Interval- 5'
Depth to Bedrock- 14' Depth Drilled- 16'
Interval Sampled- 10'-14' No. of Pails-4

Comments-

0'-7': brown organics
7'-9': sand , grey silt
9'-14': coarse gravel
14'-16': decayed bedrock

Sample panned- four pieces of gold .054g
Good con.

Driller- Vern Matkovich Date- Dec 18/04

Hole # - RC04-H7

Date- Dec 18/04

Location – 25' from H6

GPS Coordinates- 07V
UTM

Time Started- 4:20 Time Finished – 6:15

Hole # - RC04-H7 Auger Size- 5 ¾"

Depth of Muck- 13' Gravel Interval- 3'

Depth to Bedrock- 16' Depth Drilled- 18'

Interval Sampled- 13'-18' No. of Pails-4

Comments-

0'-9': brown organics

9'-13': clay, silt. Hard to drill

13'-16': coarse gravel

Sample panned- 1 flake

Driller- Vern Matkovich

Date- Dec 18/04

Hole # - RC04-H8

Date- Dec 18/04

Location – mouth of R.L. trib by camp

GPS Coordinates- 07V
UTM

Time Started- 6:40 Time Finished – 8:00

Hole # - RC04-H8 Auger Size- 5 ¾"

Depth of Muck- 9' Gravel Interval-5'

Depth to Bedrock- 14' Depth Drilled- 16'

Interval Sampled- 10'-16' No. of Pails-2

Comments-

0'-9': sand

9'-14': thawed gravel

14'-16': decayed bedrock

Sample panned- no gold, some concentrate.

Driller- Vern Matkovich

Date- Dec 18/04

Hole # - RC04-H9

Date- Dec 19/04

Location – small bench across from camp

GPS Coordinates- 07V 0582110

UTM 7049569
Time Started- 11:50 Time Finished – 2:25
Hole # - RC04-H9 Auger Size- 5 ¾”
Depth of Muck- 1’ Gravel Interval-5’
Depth to Bedrock- 5’-6’ Depth Drilled- 3x 6’
Interval Sampled- 5’ No. of Pails-1

Comments-

Drilled 3 holes, all 6’ deep. Thought it was a big rock problem, suspect hard bedrock.

Total footage drilled- 18’

Sample panned- no gold, fine black sand- a few bigger pieces.
One interesting unidentified “heavy”.

Driller- Vern Matkovich Date- Dec 19/04

Hole # - RC04-H10

Date- Dec 19/04
Location – upstream from H9 Claim 40, approx. 300’ from H9
GPS Coordinates- 07V 0582169
UTM 7049610
Time Started- 2:50 Time Finished – 4:05
Hole # - RC04-H10 Auger Size- 5 ¾”
Depth of Muck- 8’ Gravel Interval-5’ (?)
Depth to Bedrock- 13’ Depth Drilled-14’
Interval Sampled- 9’-13’ No. of Pails-4

Comments-

0’-8’: Muck
7’-9’: Rock, then easy
10’-12’: Gravel
12’-13’: Hard bedrock

Green, dry powder on bit. (biotite shist?)

Sample panned- 1 small nugget (150mg) and 6 super fine colors.
Lots of heavy concentrate.

Driller- Vern Matkovich Date- Dec 19/04

Hole # - RC04-H11

Date- Dec 19/04
Location – Approx. 50’ from H10 (claim#39)

GPS Coordinates- 07V
UTM
Time Started- 4:30 Time Finished – 5:50
Hole # - RC04-H11 Auger Size- 5 ¾”
Depth of Muck- 9’ Gravel Interval-3’
Depth to Bedrock- 11’ Depth Drilled-12’
Interval Sampled- 9’-12’ No. of Pails-2

Comments-

0’-9’: easy drilling, muck
9’-12’: hard drilling

Not sure bedrock was reached. The material on the bit was dry powder but could be a rock.

Drilled to refusal.

Sample panned- three small colors, not weighable
Very good concentrate.

Driller- Vern Matkovich

Date- Dec 19/04

Hole # - RC04-H12

Date- Dec 20/04

Location – On point next to creek, just above the mouth of Left limit trib. above camp.

GPS Coordinates- 07V 0582648
UTM 7049812

Time Started- 10:55 Time Finished – 12:45
Hole # - RC04-H12 Auger Size- 5 ¾”
Depth of Muck- 5’ Gravel Interval-5’(?)
Depth to Bedrock- 10’(?) Depth Drilled-12’
Interval Sampled- 5’-12’ No. of Pails-3

Comments-

Unable to discern contact, hard drilling from 5’-12’

Driller- Vern Matkovich

Date- Dec 20/04

Hole # - RC04-H13

Date- Dec 20/04

Location – Approx. 50’ from H12, away from creek.

GPS Coordinates- 07V
UTM

Depth Drilled-16 ½’
Time Started- 12:55 Time Finished – 1:35

Hole # - RC04-H13 Auger Size- 5 ¾"
Depth of Muck- 5' Gravel Interval-1' or less
Depth to Bedrock- 5 1/2' Depth Drilled-6'
Interval Sampled- 5'-6' No. of Pails-1

Comments-

Mud on bedrock

Driller- Vern Matkovich

Date- Dec 20/04

Hole # - RC04-H14

Date- Dec 20/04

Location – Approx. 50' from H13, away from creek. Claim 45

GPS Coordinates- 07V
UTM

Time Started- 1:45 Time Finished – 3:15
Hole # - RC04-H14 Auger Size- 5 ¾"
Depth of Muck- 11' Gravel Interval-
Depth to Bedrock- 14' Depth Drilled-16 ½'
Interval Sampled- 11'-16 ½' No. of Pails-3

Comments-

0'-11': grey, stinky clay from 5'
11'-14': hard drilling
14'-16 ½': quiet

Driller- Vern Matkovich

Date- Dec 20/04

Hole # - RC04-H15

Date- Dec 22/04

Location – Claim 43

GPS Coordinates- 07V 0582376
UTM 7049676

Time Started- 3:40 Time Finished – 5:00
Hole # - RC04-H15 Auger Size- 5 ¾"
Depth of Muck- Gravel Interval-
Depth to Bedrock- Depth Drilled-10' & 15'
Interval Sampled- No. of Pails-

Comments-

No gravel. Tried in the creek though the ice, got watered out. Moved up onto the right limit and drilled straight bedrock.

No sample taken.

Driller- Vern Matkovich

Date- Dec 22/04

Hole # - RC04-H16

Date- Jan 6/04

Location – Approx.50' downstream from H10

GPS Coordinates- 07V 0582160
UTM 7049607

Time Started- 11:45 Time Finished – 1:40
Hole # - RC04-H16 Auger Size- 5 3/4"
Depth of Muck- 7' Gravel Interval- 2' – 2 1/2'
Depth to Bedrock- 9 1/2' Depth Drilled-10 1/2'
Interval Sampled- 7 – 10 1/2' No. of Pails- 2

Comments-

0' - 2': organics and silt
2' – 3': rocks
3' – 7': sandy silt
7' – 8': gravel
8' – 9 1/2': coarse gravel
9 1/2'-10 1/2': hard bedrock, drilled to refusal in 1'

Trace Au – medium fine gravies of blacksand-garnet.

Driller- Vern Matkovich

Date- Jan 6/04

Hole # - RC04-H17

Date- Jan 6/04

Location – Approx.50' downstream from H16

GPS Coordinates- 07V
UTM

Time Started- 1:50 Time Finished – 3:40
Hole # - RC04-H17 Auger Size- 5 3/4"
Depth of Muck- 12' (?) Gravel Interval- (?)
Depth to Bedrock- 15' - 16' Depth Drilled-18 1/2'
Interval Sampled- 12 – 18 1/2' No. of Pails- 5

0' – 2': organics, silt
2' – 4': rocks
4' – 12': drilled quiet and fast
12' – 18 1/2': sandy, a couple of slight scrapping sounds at 15 1/2' – drilled lots of bedrock or bedrock like-material.

Trace Au in pannings, some coarse gravel, fine to medium grain black sand

Driller- Vern Matkovich

Date- Jan 6/04

Hole # - RC04-H18

Date- Jan 6/04

Location – Claim 39, downstream from H9 – 200’ opposite mouth of RL Trib.

GPS Coordinates- 07V 0582088

UTM 7049512

Time Started- 6:20

Time Finished – 8:20

Hole # - RC04-H18

Auger Size- 5 ¾”

Depth of Muck- 13’

Gravel Interval- 2’

Depth to Bedrock- 15’

Depth Drilled-17’

Interval Sampled- 13’ - 17’

No. of Pails- 3

Comments-

0’ – 2’: organics, silt

2’ – 10’: muck

10’ – 13’: sandy silt

13’ – 15’: gravel

15’ – 17’: quiet till 16 ½’

Some coarse heavies, lots of medium / fine black sand garnet

Driller- Vern Matkovich

Date- Jan 6/04

Hole # - RC04-H19

Date- Jan 7/04

Location – Claim 38 downstream from camp above narrows

GPS Coordinates- 07V 0582042

UTM 7049318

Time Started- 12:10

Time Finished – 1:55

Hole # - RC04-H19

Auger Size- 5 ¾”

Depth of Muck- 12’

Gravel Interval- 12’ - 14’

Depth to Bedrock- 14’ - 15’

Depth Drilled-18’

Interval Sampled- 12’ - 18’

No. of Pails- 4

Comments-

0’ – 2’: rocks

2’ – 5’: silt

5’ – 6’: brown organics

6’ – 7’: sandy silt

7’ – 8’: grey clay layer

8’ – 12’: muck

Trace medium / fine black sand garnet

Driller- Vern Matkovich

Date- Jan 7/04

Hole # - RC04-H20

Date- Jan 7/04

Location – Approx. 30' from H19 towards the creek

GPS Coordinates- 07V
UTM

Time Started- 2:00

Time Finished – 3:10

Hole # - RC04-H20

Auger Size- 5 ¾"

Depth of Muck- 9'

Gravel Interval- 9' - 13 ½'

Depth to Bedrock- 13 ½' Depth Drilled-16'

Interval Sampled- 9' - 16' No. of Pails- 4

Comments-

0' – 3': sandy silt

3' – 9': clay muck, hard to drill

9' – 16': gravel, bedrock (?)

Trace Au fine heavies black sand garnet

Driller- Vern Matkovich

Date- Jan 7/04

Hole # - RC04-H21

Date- Jan 7/04

Location – Approx. 30' from H20 towards the creek

GPS Coordinates- 07V
UTM

Time Started- 3:15

Time Finished – 5:15

Hole # - RC04-H21

Auger Size- 5 ¾"

Depth of Muck- 5'

Gravel Interval- 5 - 14 ½'

Depth to Bedrock- 14 ½' (?) Depth Drilled-15'

Interval Sampled- 10' - 15' No. of Pails- 2

Comments-

Refusal at 15'

0' – 5': muck

5' – 14 ½': coarse gravel, bedrock (?)

Trace Au fine black sand garnet

Driller- Vern Matkovich

Date- Jan 7/04

RECOMMENDATIONS

- Drilling useful in wide valley sections where frozen material exists and hillside boulder slide material is at the minimum
- Drilling is ineffective in areas of striping and creek narrows where thawed material exists, in these areas bulk tests are recommended, i.e. with excavator
- There appears to be a nugget effect from the drilling and testing done. Therefore bulk test would be useful to minimize this effect.
- There is a large number of large boulders in the upper end of this creek therefore it was difficult to determine if bedrock had been reached or we drilled into a big boulder. An excavator and bulk test would again cure this problem.
- Land-use permits are needed to explore the lower sections of the Creek because access without cat-work through the narrows is impossible
- This area in the lower section of the creek appears to have less large boulders and therefore drilling will be useful.
- The results and character of this creek warrant further work to assess its economic potential.

RESULTS

- Only two holes had weighable results. These were RC04-H6 with 0.054 grams, and RC04-H10 with 0.150 grams. This works out to 0.3 grams Au / ft² and 0.83 grams Au / ft² respectively. The other holes had trace amounts but it was questionable whether bedrock was reached or a favorable zone in the bedrock had been hit (nugget effect).
- Schist, gneiss bedrock has extreme undulations in the creek bed, therefore the rifle effect is another factor causing pockets of gold instead of continuous pay streak

Qualifications

The principals of 19651 Yukon Inc. are V. Matkovich and T. Morgan.

V. Matkovich has been actively prospecting in the Yukon since 1987. He prospected in the Carmacks area in 1987-1990, and made two trips to Apex Creek, Hayes Creek and Klines Gulch near Prospector Mtn. During this time. In 1990 he completed the Basic Prospecting Course offered by the Yukon Chamber of Mines. In 1991 he moved to the Dawson District and established himself on Montana Creek in the Indian River area. From 1992-1995 he drilled and shafted extensively for placer gold on Montana Creek. At this time V. Matkovich and T. Morgan began working together on developing the Montana Creek placer, as well as exploring other creeks in the area for potential placers. These explorations involved the use of auger drills and shafts steam thawed to bedrock. Since 1995 V. Matkovich has been involved with T. Morgan on quartz hardrock exploration in the Indian River, Reindeer Mtn. and Haines Junction areas. Exploration in these areas is ongoing.

T. Morgan has been actively involved in prospecting since the summer of 1981 when he worked for Shell Minerals as a prospectors assistant. In 1983 he moved to the Yukon and worked with placer miners in ground evaluation and testing in the Sixty Mile, Carmacks, Dawson and Kluane areas. In the winter of 1984 he was in southern California prospecting in the Old Woman Mtns., the Panamint Range and Inyo Range for hardrock gold. Some highly mineralized areas were discovered at this time in this rugged mountainous country. He worked underground at Miller Creek in the Sixty Mile area in 1985 and 1987 for Klondike Underground, testing and recording the Au values and gravel characteristics. He staked his own ground on Montana Creek in the Dawson District and Iron Creek in the Whitehorse District during this time Iron Creek was sold to an American outfit and Montana Creek was optioned to Rivest Bros. In 1987-88 he prospected with Glen Harris, Bill Harris, Ron Stack and Graham Davidson in the Kluane Range and in the Carmacks area around Mtn. Freegold. He worked with Doron Explorations on Caribou Creek and Lodestar Explorations in the Wheaton River area on Sb, Ag, and Au deposits in 1988-89. He worked on Montana Creek placer ground in 1990, and with Hughs-Lang Group prospecting in the Ogilvie Mtns. for bedded zinc, Thistle Creek for Au veins and placer shafting on upper Hunker Creek. From 1991-1994 he was involved in placer mining and testing on Montana Creek, where Tom Morgan and Vern Matkovich started working together. Stuart Schmidt optioned the upper Montana Creek and Vern Matkovich drilled for Schmidt. V. Matkovich optioned the ground below S. Schmidt and drilling was done there as well. In 1995 T. Morgan, Glen and Bill Harris and S. Schmidt drove a drift on Caribou Creek, with V. Matkovich and Eric Stoll, and intersected high grade gold in an epithermal vein deposit from Doron Explorations 1989 drill hole. In 1996 he worked in the Hess River area with B. Lueck (Yukon Gold Corp.), prospected for and found Fort Knox Style, Toumbstone Suite intrusive hosting high grade Au, Bi veins. In 1997 he went with B. Lueck to Tok, Alaska and staked the Taurus Property, a Cu, Mo, Au porphyry. The same year T. Morgan and B. Lueck went to the Phillipines to prospect Au vein deposits, Cu-Mo porphyries, Au hot spring deposits and massive Cu, Au sulfide veins. Work continued until 1999, finishing with drilling on the Plata Claims' Au, Pb, Zn vein at Fido Creek, in the Hess River country. With V. Matkovich, S. Schmidt and K. Jonas he staked the Bear Claims on Thistle Creek on a Pogo style deposit in 1999, along with the Wolf Claims on Scroggie Creek. He also organized and staked two Cu, Ni PGE targets in the Kluane Mafic Ultramafic Belt. Work is ongoing on these projects.

STATEMENT OF EXPENDITURES 2004

Rosebute Creek Drill Program

Living Expenses:

10 days x 4 men + 7 days x 3 men + 7 days x 2 men x \$35/day.....\$ 2625.00

Sampling processing:

8 days x 2 men x \$300/day.....\$ 4800.00

Equipment rentals:

Chainsaws- 1 saw x 1 month x \$450/month..... \$ 450.00

2" pump- 1 pump x 2 wks x \$120/wk..... . \$ 240.00

Generator- 1500 watt- 1 gen x 1 mn x \$180/mn.....\$ 180.00

4x4 trucks - 2 truck x 1 month x \$1450/month.....\$ 2900.00

Fuel.....\$ 2435.74

D-8 Cat @ \$125/hr x 40 hr..... \$ 5000.00
(for plowing snow on existing access roads.)

Contractors:

6" Auger drill x 11 days @ \$1000.00/day..... \$11,000.00

1 man for 13 days @ \$300/day.....\$ 3900.00
(Cat operator and expeditor)

2 men for 10 days @ \$300/day.....\$ 6000.00
(Mob / demob and camp set up and clean up)

Assays:

Assay of Au and selected material.....\$ 000.00

Report Writing: 2 days x 2 men x \$300 / day..... \$ 1200.00

Total.....\$ 40,730.74