[redacted]

BREWERY CREEK MINE PLACER PROJECT

GEOPHYSICAL SURVEY

DAWSON MINING DISTRICT, YUKON TERRITORY

PROSPECTING LEASE CERTIFICATE NUMBER: ID01099 & ID01105

DESCRIPTION: UNRLT OF KLONDIKE SOUTH RIVER

NTS MAP SHEET: 116B01

UTM COORDINATES: 07N 641215 m E 7108045 m N

FIELD WORK COMPLETED SEPTEMBER 1 – 7, 2013.

BY

CLAYTON JONES, B.SC.
1898 RANCH RD, ROBERTS CREEK, B.C. V0N 2W5

MARCH 1, 2014

SUMMARY

From the dates of September 1 – 7, 2013, Clayton Jones (author of this report) conducted a ground based magnetic survey over prospecting lease ID01099 and lease ID01105 located along an unnamed right limit tributaries of the Klondike River. The leases drain the eastern portion of the Brewery Creek Gold deposit and are located approximately 60 km east of Dawson City, Yukon Territory.

The Brewery Creek area has no documented placer exploration to date, however; the area geologically shows strong potential to host placer gold deposits. The area shares many characteristics to Yukon's richest placer districts (Klondike and Mayo- McQuesten) that are both located only 60 km south east and west of the Brewery Creek mine area. Like the Klondike placer district, the Brewery Creek area was not glaciated during the Pleistocene epoch (<1.8 ma) and the lode source of gold at Brewery Creek area resembles the mid-Cretaceous Tombstone intrusive suite hosted auriferous quartz veins that are responsible for the placer deposits in the Mayo-McQuesten placer district.

Access to the leases can be gained by ATV using historic mine and exploration roads. A total of 12 line km of ground based magnetic survey was completed on the leases. The survey outlined a linear magnetic anomaly that runs parallel with the valley bottoms and may be associated with a buried paleo channel. A Shafting program is recommended to test the magnetic anomalies outlined in the survey. A series of shafting targets have been proposed for the 2014 program.

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1.0 INTRODUCTION

1.1 GENERAL

Three placer prospecting leases were staked along tributaries draining the historic Brewery Creek gold mine during the spring of 2013 by Clayton Jones. The Leases have no documented historical placer exploration and are located in a part of the Yukon that demonstrates high potential to yield economical placer gold deposits. Some of the placer potential indicators include the area's proximity to Yukon's largest lode gold mine (Brewery Creek Mine) and its similarities in surficial and glacial geology to some of the World's richest placer districts in the World including the Klondike gold fields of Yukon Territory and Iditarod placer district of South Western Alaska, USA.

The three leases, collectively known as the "Brewery Creek mine placer Project" are all owned by family members, and Clayton Jones (author of the report) is overseeing the exploration efforts. Lease ID01106 is still pending and is currently in review due to its proximity to water monitoring stations situated along Laura Creek. The magnetic survey work plan, proposed for placer prospecting leases ID01099 and ID01105, was approved by the mine recorder (Janet Bell Macdonald) and Mining Inspector (Jim Leary) as of August 28, 2013. This technical Report documents the magnetic survey that was conducted on leases during the time period of September 1 – 7, 2013. The total cost for the program was $ 3450.00. Refer to appendix I for details of the cost associated with the program.

The purpose of the survey was to locate magnetic anomalies which might be associated to above background concentration of magnetic minerals (magnetite) that almost always occur with placer gold deposits and that may represent ancient buried creek channels. The magnetic anomalies in combination with suitable geology were used to create shafting targets for the 2014 exploration program.

The Leases were accessed by ATV (all-terrain vehicle), using preexisting mine and exploration roads. All work on the prospecting leases complied with Schedule I, Operating Conditions, of the Mining Land Use regulations (Part II of the Yukon Placer Mining Act). The report has been produced to satisfy the reporting requirements of the Yukon Mining Recorder.

1.2 UNITS AND CURRENCY

Metric units are used throughout this report. Tonnages are shown as tonnes (1,000 kg), linear measurements as metres ("m"), or kilometres ("km") and precious metal values as grams per tonne ("g/t") and/or parts per billion ("ppb").

Conversions:
31.1034 grams = 1 troy ounce
1 gram per tonne = 0.0292 troy ounces per ton
1.0 metric ton (1,000 kg) = tonne ("t") = 1.10231 short tons ("T")
1 part per million ("ppm") = 1000 parts per billion ("ppb")
1.0 metre ("m") = 3.28 feet
1.0 hectare ("ha") = 2.47105 acres

Currency amounts are expressed in Canadian dollars ("CDN$"), unless indicated otherwise. Geological time scale units are used throughout the report. Billions of Years ago is denoted as (Ba), Millions of years ago is denoted as (Ma), and Thousands of years ago is denoted as (Ka).

1.3 LEASE INFORMATION

The magnetic survey was conducted on placer leases ID01105 and ID01099. The leases are both located in the Dawson Mining District within 1:50 000 NTS map sheet 116B01 and situated along creeks classified as a moderate-moderate stream in the Fish Habitat Management System for Yukon placer Mining.

Lease ID01099 was staked by Clayton Jones and is 100% owned by Clayton Jones. Lease ID01099 is a 1 mile, prospecting lease, which covers the lower section and confluence of an east draining unnamed right limit tributary of the Klondike South River. This creek was coined "Lucky Creek" by Viceroy Resources Corporation (historic mine operator) and drains the eastern extension of the Brewery Creek gold deposit. For the purpose of this report the creek will be referred to as Lucky Creek. Lease ID01099 Post #1 is at approximate coordinates, latitude: 64 degrees, 04 minutes, 11 seconds; longitude: 138 degrees, 06 minutes, 25 seconds; Post 2 is a maximum distance of 1 mile(s) upstream from Post #1. Refer to figure 1 for the lease location map.

Placer lease ID01105 was staked by power of attorney, Clayton Jones, and is 100% owned by Marc Goodwin (step father). The lease is situated on an unnamed right limit tributary of the Klondike South River and spans 1.6 miles south of the confluence of Lucky Creek (lease ID01105). This creek was coined "Golden Creek" by Viceroy Resources Corporation and for the purpose of the report, the creek will be referred to as Golden Creek. Lease ID01105 Post #1 is at approximate coordinates, latitude: 64 degrees, 03 minutes, 06 seconds; longitude: 138 degrees, 05 minutes, 43 seconds; Post 2 is a maximum distance of 2 mile(s) upstream from Post #1. Refer to figure 1 for the lease location map.

The prospecting leases are located within a large package of 1075 quartz claims that make up the Brewery Creek Property that is owned by American Bullion Royalty Corporation. The Brewery Creek property contains a class 4 quartz land use permit. The prospecting leases are situated 1 km from the edge of the mining lease that includes 93 quartz claims and covers the actual mineral deposits. The mining lease contains a class 5 quartz land use permit. Refer to figure 1 for the prospecting lease map and table 1 for detailed lease information.

TABLE 1: LEASE INFORMATION

Placer Prospecting Lease Information							
Grant Number	***Owner***	***Staking Date***	***Recorded Date***	***Expirery Date***	***Mining District***	***Status***	***Length***
ID01099	Clayton Jones	05/18/2013	05/21/2013	05/21/2013	Dawson	Active	1 Mile
ID01105	Marc Goodwin	05/23/2013	05/27/2013	05/27/2013	Dawson	Active	2 Mile

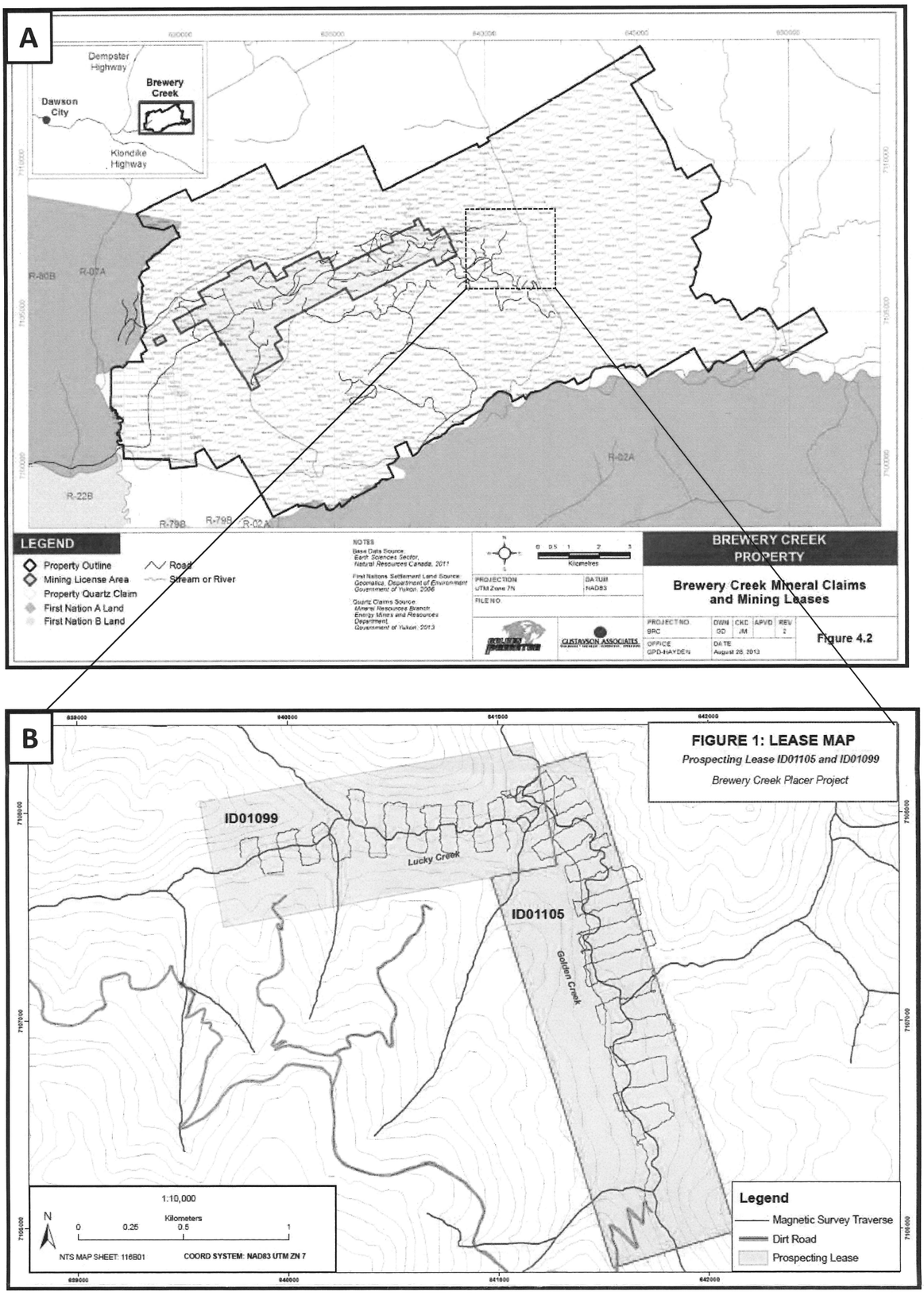


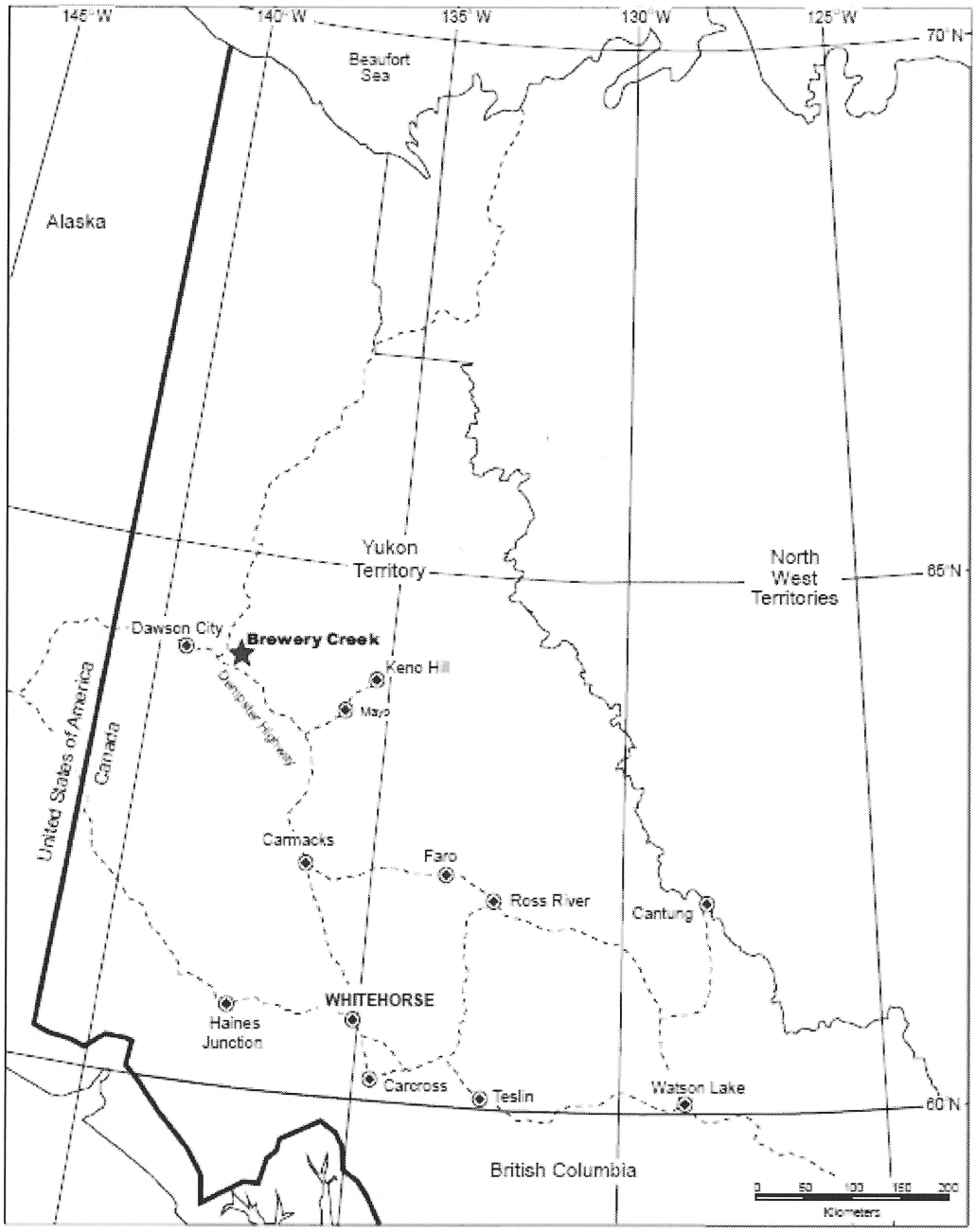
FIGURE 1: **LEASE MAP**

A) shows quartz claims and mining leases of the Brewery Creek gold property and adjacent First Nation lands (referenced from Hulse et al, 2012) *B.)* shows a zoomed in (1:10 000) area covering the prospecting leases and ground magnetic survey area. The fine black line denotes the actual magnetic traverse walked in the field.

2.0 LOCATION AND ACCESS

The leases are centered at approximately UTM 07N 641215 m E 7108045 m N on NTS 1: 50 000 map sheet 116B01. The Leases are located approximately 65 kilometers east of Dawson City, Yukon and drain the eastern extension of the Brewery Creek Mine that was operated by Viceroy Resources Corporation from 1996 to 2002. Refer to figure 2 for the property location map. The area can be accessed from Dawson City, Yukon by taking Highway 7 (Klondike Hwy.) and Highway 5 (Dempster Hwy.) and the Ditch Rd (Brewery Creek Mine access road). Historic mining and exploration roads provide 4 wheel drive access to both the leases. Refer to figure 1 for a map showing the location of access roads to the leases. The perspective area lies between the two richest placer districts in the Yukon Territory (Klondike and Mayo-McQuesten). Refer to figure 3 for location in relation to placer mining districts.

FIGURE 2: LOCATION MAP *(modified from Lindsey, 2006)*



3.0 HISTORY

The Brewery Creek area is located between Yukon's richest historical and currently producing placer districts. The Klondike gold fields are located 40 km west of the leases and have produced over 20 million ounces of gold since its discovery in 1896 and remains the top producing placer district in the Yukon with over 33 337 ounces of gold produced in 2011 (Bond, 2012). The Klondike placer district includes the Fortymile, Sixtymile, Klondike, Indian, Moosehorn, and Lower Stewart placer areas; refer to figure 3 for map showing Yukon's placer districts. The majority of this area was unglaciated during the Quaternary time period (> 1.8 ma to present), as is the Brewery Creek area, and is believed to be a contributing factor for such rich gold sources. Some of the creeks in the Klondike goldfields were fifteen times richer in gold than those in California, and richer still than those in South Africa. For example, in just two years, $18 million (at 2013 prices) worth of gold was brought up from just one claim on the Eldorado Creek (Wiki).

The Mayo – McQuesten placer mining district is the second most productive placer district in the Yukon and is situated only 50 km south east of the Brewery Creek area. This district includes Clear Creek placer area and the Dublin Gulch placer deposit near the town of Mayo, Yukon Territory. This placer district differs from the Klondike district and Brewery Creek area, as it was subjected to various degrees of glaciation during the Quaternary time period; however the source of gold resembles Brewery Creek's mid cretaceous intrusion related quartz vein hosted gold, compared to the Klondike's quartz veins in Palaeozoic meta-sediments (Klondike schist).

The Yukon was travelled by fur traders since the 1850's and prospectors by the early 1870's. In 1972 three men came to the Yukon to test for gold possibilities; their names were Leroy Napoleon McQuesten, Alfred Mayo, and Aurther Harper (Coates et al, 2005). These men all participated in the 1849 Gold rush in California and followed the gold north up the western continental mountains along the Fraser River to Northern BC and eventually into the Yukon Territory. The three men worked for trading companies and set up trade networks that later greatly helped the early miners. Fort Reliance was built just 6 miles downstream from the confluence of the Klondike and Yukon rivers, which later turned out to be the heart of the richest gold fields in the world. McQuesten discovered placer gold in the Sixty mile as early as 1878, however he decided it was not rich enough for further investigating (Coates et al,

2005). The Sixtymile Creek turned out to be a significant historic and current placer producing area in the Yukon. Gold was also reported to be found in bar placers on the Stewart River and tributaries in the mid 1880's (Coates et al, 2005). By this time the number of people searching for gold in the Yukon increased and in 1885 there was an estimated 200 white men living in the Yukon (Coates et al, 2005).

The first rich placer gold was found in 1886 in the Fortymile River. This was the Yukon's first gold rush and took place from 1885 – 87 with an estimated 500 men living year round near Fortymile Creek (Coates et al, 2005). In 1896, 10 years after the discovery at Forty mile, the rich placer creeks of the Klondike region was discovered and an estimated 100 000 people immigrated to Dawson City in 1897. As the Klondike gold rushed settled and all the easily accessible paying ground was staked up, prospectors continued their search elsewhere in the Yukon. The continued search resulted in the placer gold discovery in Clear Creek (Mayo-McQuesten district) in 1900 and has produced more than 129 000 crude ounces of gold since 1941 (Allen et al, 1999).

It is suspected that the Brewery Creek area has been subject to placer gold exploration however due to minimal results, low gold prices, and close proximity to known productive placer districts, no further work was ever conducted. This brief Yukon placer history shows how the great discovery of gold in 1896 did not occur easily. Placer gold deposits are difficult to find and people do not just stumble over them while out for a walk. In order for people to find gold, they must be looking for it. The early prospectors believed the auriferous western mountain chain that hosted the California, Nevada, and Fraser gold rushes must continue north and those who pushed north were rewarded. Since the first discovery of gold in north central Yukon it took an additional 20 years to locate the great Klondike gold deposits, even despite being in a heavy trafficked area. The Klondike gold fields have continued to be expanded since discovery and new areas of placer gold are still being found every year.

The area the prospecting leases cover have been subjected to significant historical hard rock exploration in the past 25 years. Anomalous gold concentrations were first discovered in stream sediment samples conducted by the Geological Survey of Canada (GSC) in the mid 1980's. The hard rock source of gold was later discovered by Noranda Exploration in 1987 and was subsequently mined by Viceroy Resources Corp. from 1996 to 2002 (YGS, 2008). The Brewery Creek mine recovered 266 537 oz of gold from near surface oxide deposits and

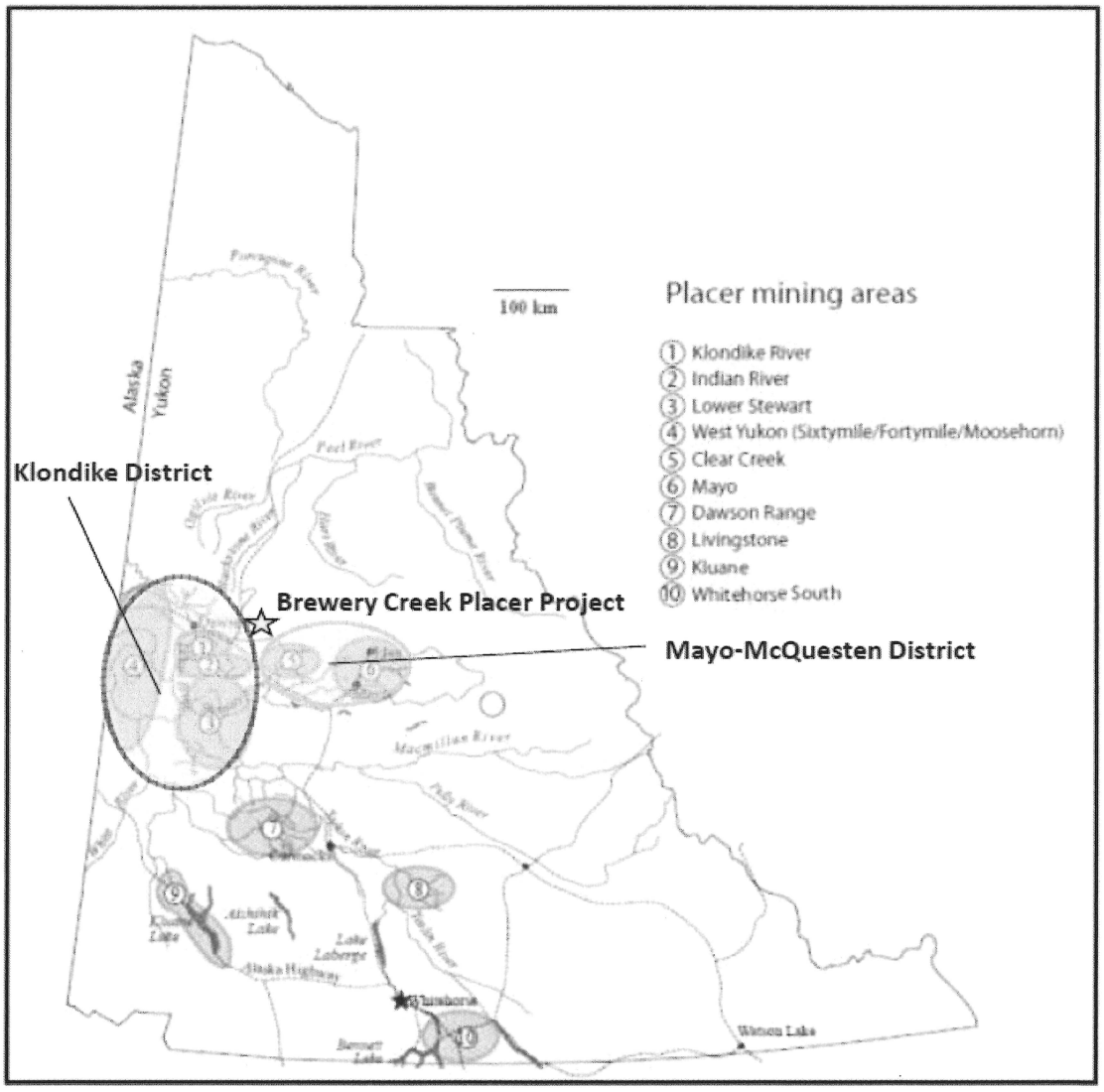
Americas Bullion Royalty Corporation (ABRC), now owner of the deposit, has demonstrated the deposit contains an Indicated oxide resource total of 577,000 troy ounces of contained gold in 14,152,000 tonnes of material at 1.27 g/t Au and Inferred oxide resource total of 279,000 troy ounces of contained gold in 9,309,000 tonnes of material at 0.93 g/t Au (Husle, 2012). To date the Brewery Creek property has been explored for shallow oxide gold deposit as it is much easier to extract the gold from the oxide ore compared to deeper seated sulphide ore. Sulphide ore at depth has seen limited exploration to date and has strong potential to host a large low grade bulk tonnage gold deposit similar to the 45 million oz gold Donlin Creek deposit in south western Alaska, USA. Despite the limited sulphide ore exploration, ABRC has demonstrated an Indicated sulphide resources total 142,000 troy ounces of contained gold in 3,459,000 tonnes of material at 1.28 g/t Au (ABRC website).

The gold contained in the Brewery Creek deposit is hosted in Cretaceous (65 – 100 ma) porphyritic intrusive and surrounding meta-sediments and is structurally controlled by a thrust fault. A total of 8 main oxide deposits were located along a 12 km east west mineralized corridor. The placer leases drain the historical Kokanee, Lucky, and Golden open pits of the eastern extension of the mineralized corridor. Refer to figure 4 for placer lease locations in proximity to the mined hard rock deposits and current resource areas. The non-mined Bohemian deposit marks the eastern most extension of the mineralized corridor and is also drained by Lucky and Golden Creeks. The Bohemian deposit contains the highest grade gold intercepts with historical assays of 14.47 g/t Au over 7.9 m (YGS, 2008). Golden Predator Resources further outlined the deposit through 2011 and 2012 with the discovery of a new zone coined the "Schooner Zone" with drill intercepts of 74.0 m of 7.08 g/t gold including 57.5 m of 8.90 g/t gold (ABRC).

The gold mineralization at Brewery Creek consists primarily of micron sized particles contained within fine disseminated arsenopyrite and pyrite grains. This is not a standard lode source for placer deposits, however many course placer gold deposits throughout Yukon and Alaska are located near low grade, bulk tonnage gold deposits or no hard rock gold source at all. The best example of this phenomenon is the numerous placer gold deposits that surround the low grade bulk tonnage Donlin Creek gold deposit in the Iditarod placer district in Alaska, USA. The Donlin Creek gold deposit shares very similar geological and mineralogical characteristics to that of the Brewery Creek gold mine. The gold at the Donlin Creek hard rock deposit is also micron size and contained in fine pyrite and arsenopyrite grains. Recent Research has shown that the microbes

in supergene conditions can cause gold dispersion and secondary precipitation of gold potentially aiding in the coursing of gold grain, forming gold nuggets (Reith 2006, Reith 2010).

FIGURE 3: PLACER MINING DISTRICTS *shows Yukon's placer mining districts in relation to the prospecting leases. (modified from Bond, 2012)*



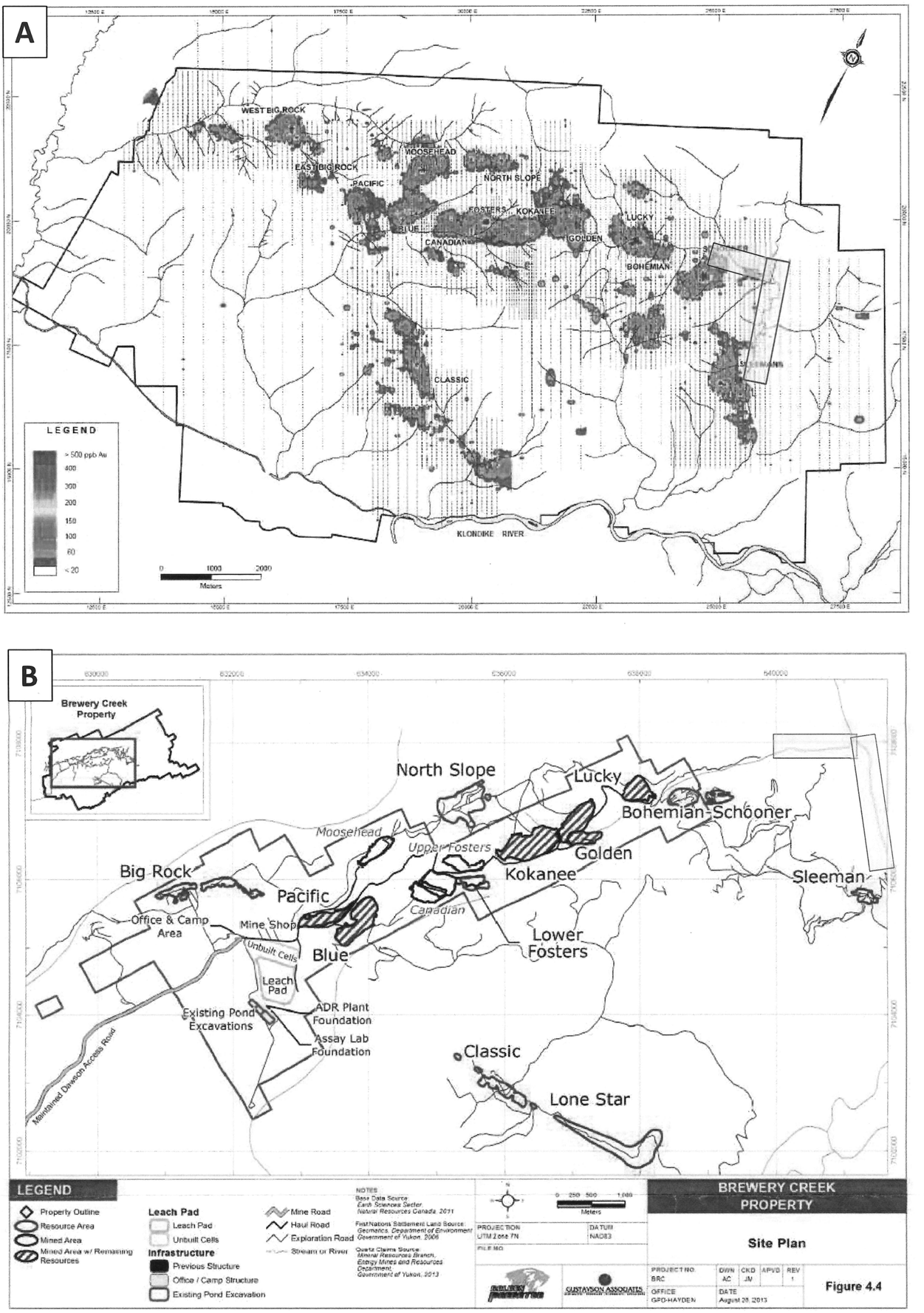


FIGURE 4: *A.)* – Regional soil geochemistry of Brewery Creek area. *B.)* – Historic open pit locations and current resources areas. The placer leases are denoted as light yellow rectangular boxes. (maps modified from Hulse, 2012)

4.0 GEOLOGICAL SETTING

4.1 Glacial Geology

There has been several glacial advances in the Yukon during the Pleistocene (1.8 ma – 10 ka) and these be can divided in to three episodes commonly known as the Pre Reid, Reid, and McConnell, in order of oldest to most recent (La Barge, 2006). Refer to figure 5a depicting the glacial extent of the glacial episodes in the Yukon.

The Pre Reid glacial episode occurred in the early Pleistocene, approximately 2.6 ma to 200 ka (La Barge, 2006). The Pre Reid was the most extensive episode, advancing up the Tintina Trench as far as Dawson City, Yukon. Glacial outwash and gravels (known as the Klondike gravels) from the Pre Reid glacier covered portions of the famous gold rich White Channel gravel's in the Hunker and Bonanza Creeks of the Klondike gold fields. The Reid Glaciation episode included multiple glacial advances that persisted from 200 to 20 ka (La Barge, 2006). The Reid glaciation was less extensive than the Pre Reid glaciation. The most recent McConnell glaciation was the least extensive and occurred between 20 and 10 ka (La Barge, 2006). The glacial deposits of the McConnell glaciation are easily observed in air photos and in the field as they have been subjected to limited to colluvial and alluvial processes over the past 10 ka.

The placer leases are situated in unglaciated terrain near the fringe of the maximum extent of the Pre Reid glaciation. Refer to figure 5b for property scale glacial geology. The unglaciated terrain in the Yukon is responsible for the majority of the placer production as gold rich paleo-placers are preserved from scouring effects of ice sheets and melt water. The Klondike, Fortymile, Sixtymile, Indian, and Moosehorn placer districts are all located in unglaciated terrain and in 2006 accounted for approximately 85% of Yukon's placer gold production (Lowey, 2004).

Lucky Creek and Golden Creek valley bottoms are presumed to be capped by glacial outwash gravel of the pre Reid glacial retreat, similar to the Klondike gravels. The glacial history and geology of the lease area is very similar to that of both Hunker and Bonanza Creeks of the world famous Klondike gold fields.

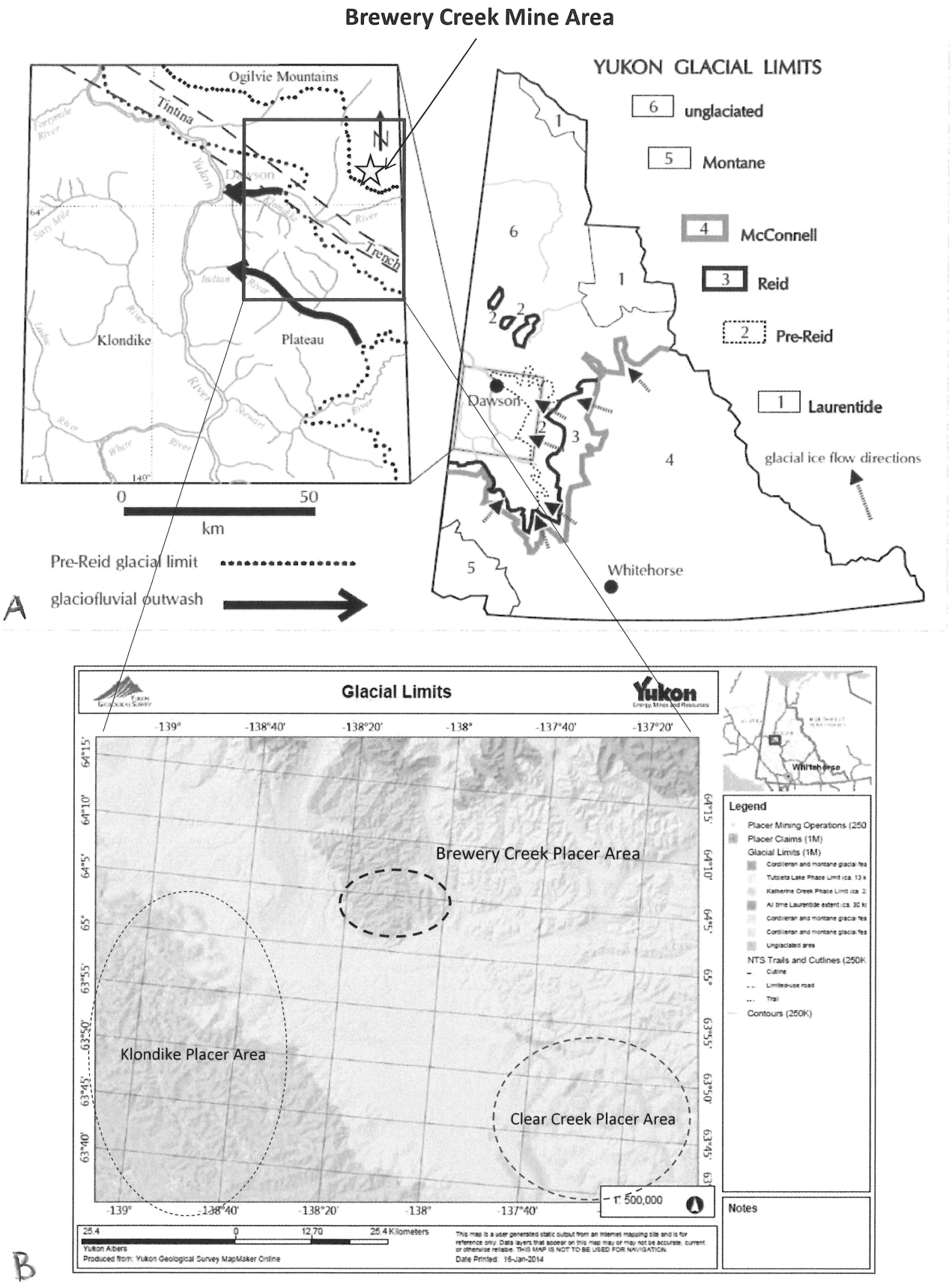


FIGURE 5: Yukon Wide Glacial Limits map (modified from Lowey,2004) and Brewery Creek area glacial limits map (produced from YGS map maker online)

4.2 Surficial Geology and Physiography

The leases underlie Quaternary sediment and are capped with a thick organic and colluvium blanket. The valley bottom contains organic cover and shallow test pits and soil creep show thickness is greater than 2 meters. The edges of the valley bottom contain fine silty sand colluvium deposits with mixed size angular rock fragments.

The valley bottom of lease ID01099 is relatively narrow (50 – 100 meters across) with steep dipping valley walls. There is outcropping on the left limit and thick colluvium and organic material on the right limit. Refer to figure 6 for air photo image.

Lease ID01105 has a much wider flat valley bottom ranging from 25 m at the south end and up to 200 m in the middle, with more subdued and moderately dipping colluvium filled valley walls. Refer to figure 7 for a photograph showing Golden Creek Valley.

The vegetation on the leases consists of thick buck brush immediate to the creeks edges, patches of mature evergreen forest near the center valley bottoms, and marshy bare patches of thick mosses dispersed throughout. See figure 7 for a photograph showing vegetation along Golden Creek.

FIGURE 6: AIR PHOTO *shows the survey area along Golden and Lucky creeks. Modified from airphoto A28237-70, 1:20 000, 11/08/95*

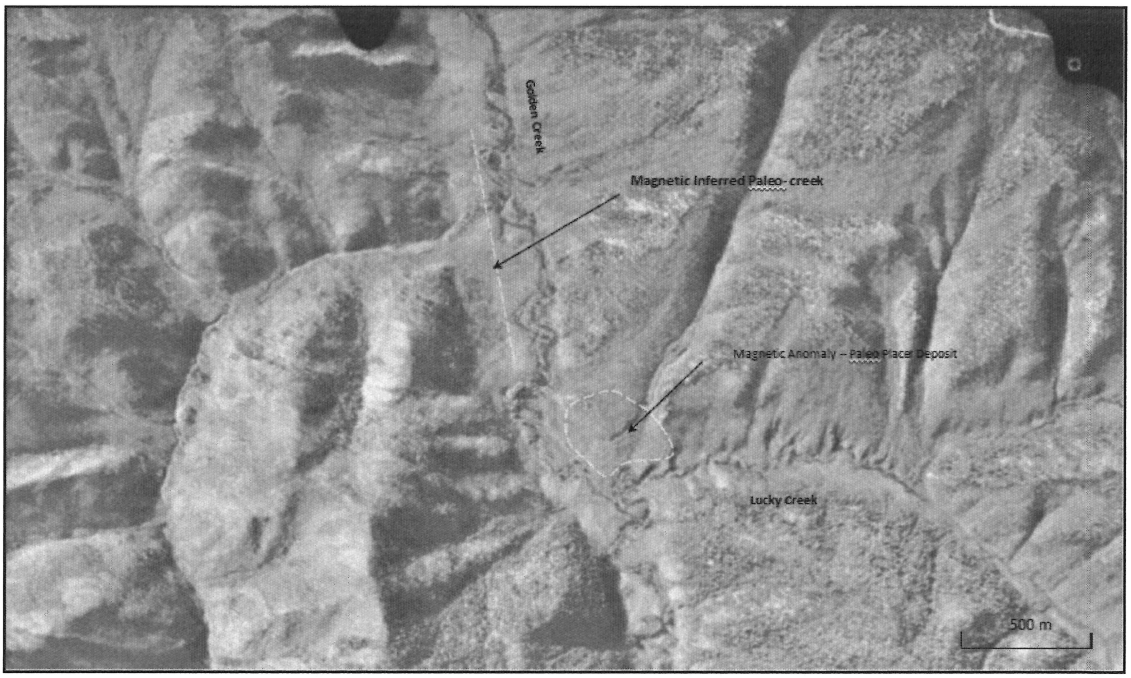
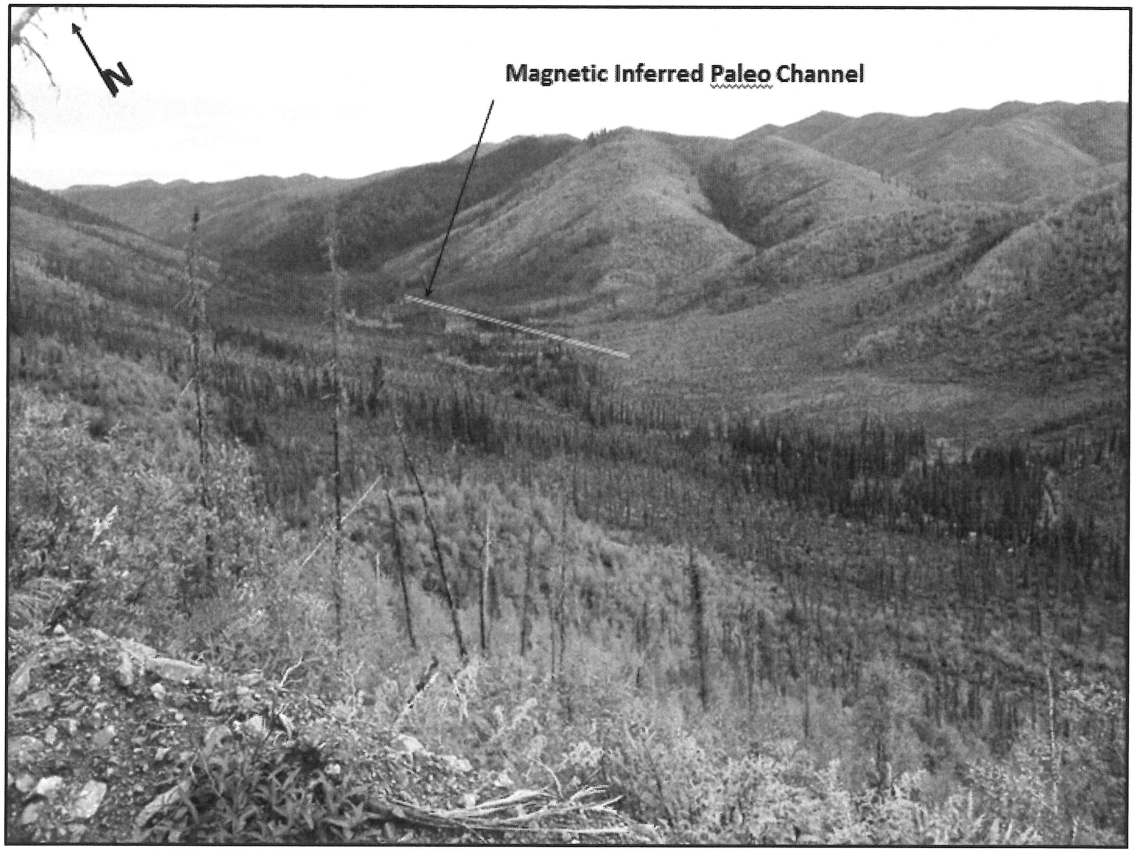


FIGURE 7: PHOTOGRAPH *shows the valley bottom of Golden Creek (Lease ID01105). The Yellow line shows the approximate location of the magnetic anomaly observed in the survey that is believed to represent a buried paleo channel.*



4.3 BEDROCK GEOLOGY

The leases are located in the Selwyn Basin Stratigraphic package. The Selwyn Basin is located within the mineral rich Tintina Gold Belt. The Tintina gold belt is a 400 m wide mineral rich province spanning 2000 km from Fair Banks, Alaska to Watson Lake, Yukon Territory and hosts world class gold deposits such as the 45 million oz Donlin Creek, 5 million oz Fort Knox deposits in Alaska USA and the 4 million oz Dublin Gulch deposit of Yukon Territory. The miogeocline is a westward thickening, then tapering, sedimentary prism that accumulated on the westerly sloping Precambrian basement of Ancestral North America from late Proterozoic to mid-Jurassic time (Héon, 2003). Deposition of the Earn Group during lower Devonian to mid Mississippian time marks the subsidence of the entire miogeocline (transgression) and local uplift and faulting caused by localized secondary basins. In Jurassic and Early Cretaceous time the miogeocline was deformed by northeast-directed compression caused by plate convergence and the accretion of pericratonic terranes onto North America, which lead to complex thrust faulting and the development of northwest regional scale folds. Widespread Early to mid-Cretaceous granitic magmatism intruded the deformed rocks of the miogeocline. Spatially, the Selwyn Basin is bound to the north by the Dawson Fault; it grades into platformal facies to the east (Mackenzie Platform) and southwest (Cassiar Platform); may be bound by a Mesozoic thrust fault separating it from the Yukon- Tanana Terrane in the Anvil district; and is offset to the southwest by the Tintina Fault (Héon, 2003).

The leases drain Ordovician - Mississippian sediments primarily consisting of the Road River and Earn group. The Road River Group consists of black shale, chert and limestone. This group is composed of two formations: the basal, dark-weathering Duo Lake Formation and the overlying tan to orange-weathering Steel Formation. The Road River group underlies lease ID01099 and the northern portion of Lease ID01105.

The Earn Group is the remnants of a regional marine transgression event. This group can be divided into two units separated by an unconformity: the Lower to Middle Devonian Portrait Lake chert and shale unit and the overlying Upper Devonian to Mississippian coarse clastic

Prevost Formation. The Earn group underlies the southern portion of lease ID01105. These sedimentary packages are intruded by mid Cretaceous felsic sills and dykes that intruded along a mid-cretaceous thrust fault. The southern half of Lease ID01105 underlies a large intrusive body. Refer to figure 8 for the bedrock geology map of the project area. There is a regionally mapped geological contact located 1 km south and running parallel to Lucky Creek (lease ID01099) that marks the divide between the Ordovician to Silurian Road river group rocks from the Lower Devonian to Mississippian Earn group rocks. A regionally inferred fault contact is located along the Golden Creek valley (lease ID01105) that marks a slight offset in the Road River and Earn group sediments and was active prior to the mid cretaceous Plutonism. These linear geological structures can often complicate the interpolation of magnetic surveys focused on placer gold deposits. This will be further discussed in section 8.0 *Application of magnetic theory* and section 10.0 *Conclusion of Interpretati*on.

The majority of Brewery Creek Gold is hosted in quartz monzonite dykes and sills of the Tombstone Suite that range from 5 to 100 m wide (Dimment, 1999). The gold exists as very fine (micron size) particles within fine disseminated arsenopyrite and pyrite mineral grains. This type of gold mineralization and deposit style is known as an intrusion related gold deposit (IRGS). The Donlin Creek Gold Deposit in Alaska, USA, is also an intrusion related gold deposit and share many similar characteristics to that of Brewery Creek. Donlin Creek contains 34 million oz gold at average grade of 2.1 g/t Au (nova gold website). The creeks and rivers draining the Donlin Creek deposit contain numerous placer gold deposits that include the Crooked Creek, Lewis Gulch, and Snow Gulch placer operations.

FIGURE 6: BEDROCK GEOLOGY

Prospecting Lease ID01105 and ID01099

Brewery Creek Placer Project

Legend

- Prospecting Lease
- Dirt Road
- Contour (100ft)
- Fault

Bedrock Geology

- Quaternary (Unconsolidated) Q
- mid-Cretaceous (Felsic Plutons) mKT
- Ordovician to Lower Devonian(sedimentary) ODR
- Upper Devonian and Mississippian (sedimentary) DME

Lucky Creek

Golden Creek

Klondike River

N

1:30,000

Kilometers

0 0.5 1 2

NTS MAP SHEET: 116B01

COORD SYSTEM: NAD83 UTM ZN 7

633000 634000 635000 636000 637000 638000 639000 640000 641000 642000 643000 644000

7109000 7108000 7107000 7106000 7105000 7104000 7103000 7102000

5.0 FIELD PROCEDURE

The survey took place from September 1 – 7, 2013. The property was accessed via ATV using old exploration roads. The crew (Clayton Jones) was based out of Dawson City, Yukon Territory. On the first day, a reconnaissance assessment was completed over the area in order to see if the ground was suitable for the survey. The assessment included mapping in the access roads to the leases and observing the valley bottom terrain and vegetation cover. The next five days consisted of walking the magnetic traverse lines and recording the magnetic field. The last day was used to follow up on the magnetic anomalies outlined in the survey and take notes of the topographical nature and surficial geology encountered at anomalous sites. Small test pits, less than 1 meter were dug at anomalous locations to determine surficial material and presence of permafrost. In addition, rock fragments were tested for magnetic material. Panning for heavy metals along Lucky and Golden Creek was also completed to determine magnetite concentrations. All the information gained was then used to aid in the interpolation of the magnetic survey and ultimately choosing the shafting target locations for the 2014 program.

The magnetic survey was conducted using a backpack mounted Gem Systems GSM-19 Overhauser ground magnetometer. The GSM-19 Overhauser is a super charged proton magnetometer that has a resolution of 0.01 nT and absolute accuracy of 0.1 nT. The magnetometer contains an intergraded Garmin GPS that records time and waypoint locations. Clayton Jones walked the predefined grid using the backpack mounted magnetometer and time stamped magnetic field readings were continuously taken every 0.5 seconds. A stationary base station (GSM-19 Overhuaser magnetometer) was setup in the field and operated during the ground magnetic survey. The base station recorded the magnetic field measurements every 5 seconds for the duration of the ground magnetic survey. Using both the raw data from the base station and the ground rover, a diurnal correction was done in the office using GEMlink systems software. The diurnal correction removes the daily changes in the magnetic field caused by the solar outputs and helps to highlight only the changes in the magnetic field caused by changes in the underlying geology and in this case, elevated concentrations of magnetite.

An irregular shaped grid covering approximately 100 ha was walked with lines spaced approximately 75 - 100 m apart for a total of approximately 12 line km. The survey lines were walked perpendicular to the centre valley bottom for each lease and survey segments ranged from 50 – 300 meters depending on the width of the valley bottom. No base line was cut out so survey lines are not perfectly straight due to vegetation obstacles; minor changes in line direction and increased jostling of the magnetometer sensor can cause minor changes in the magnetic field (<5nT), however this did not appear to present a problem in the survey. Lease ID01099 received approximately 5 line km of survey and Lease ID01105 received approximately 7 km of line survey. Refer to figure 1 for the survey traverse lines.

The corrected data was analysed by Clayton Jones in the office. All statistical outliers were manually removed from the spreadsheets and the data was then contoured using ESRI (Environment Institute Research Institute) Arc GIS (Geographical Information System) 10.0 Spatial Analysis mapping software. The plan view map produced (figure 11) was created using the spline surface interpolation calculation created by ESRI. The Spline interpolation estimates values using mathematical functions that minimizes overall surface curvature. This results in a smooth surface that passes exactly through the input points and hence, provides real place targets for test pits. The spline interpolation calculation incorporates the first derivative (slope), second derivative (rate of change in slope), and the third derivative (rate of change in the second derivative) in its minimization calculations (essri pdf). The spline method was used instead of the more common IDW (inverse distance weighted) method because the spline surface pass directly through each sample point, compared to IDW method that will pass through none of the points (esri pdf).

In addition to the TMI plan view contoured magnet field map, selected magnetic profiles (figures 12 – 14) were created using Microsoft Excel. Certain magnetic profiles were selected from the magnetic field contour map that showed strong linear magnetic anomalies that may represent buried paleo channels. The profile was created using the scatter plot function in Microsoft Excel and shows changes in the magnetic field (nT) with distance (m). A trend line

was also incorporated into the graph depicting the moving average with a period of 10. The profile section locations can be seen on the contoured magnetic field map (figure 11). In addition to the magnetic profiles captured by the magnetic survey, a rough sketch of topography is included in the profile illustrations. The topographic changes appear to have a strong effect on the magnetic field and are an important factor to consider when accessing the magnetic anomalies associated with placer deposits. Further information regarding the topographic change and magnetic anomalies will be explained in section 6.0 *Application of Magnetic Theory*.

6.0 APPLICATION OF MAGNETIC THEORY

The purpose of the survey is to locate magnetic anomalies which might be associated to above background concentration of magnetic minerals (magnetite) that almost always occur in elevated concentrations with placer gold deposits and that may represent ancient buried paleo channels. The magnetic mineral magnetite is relatively heavy compared to other minerals and tends to concentrate with the heavy element gold in the gravels along creek beds.

There are many different causes for magnetic anomalies so it is important to understand that only a few of these will be important for placer prospecting. One cannot derive test location based solely on magnetic anomalies but rather with a combination of suitable topography and geology for placer deposits. For example, changes in topography, thickness of overburden, and changes in bedrock geology will result in changes in the magnetic field. The anomalies captured in the survey need to be compared to the underlying geology and topography and only then anomalies can, by process of elimination, be used to determine priority shafting targets for placer testing.

Figure 9a shows an example of an ideal magnetic signature one would expect over a very strong near surface paleo placer rich in magnetite. Typical anomalous values one would expect

for placer deposits ranges from 20 – 500 nT (Lee et al, 1981). There are other more indirect ways to using the magnetic signature to find placer targets. For example, large granite boulders (known to contain elevated magnetite concentration) deposited in large scale ancient channels over low magnetic susceptible bedrock surfaces, can sometimes result in an erratic, closely spaced, up and down magnetic signature, and can be an indirect way of interpreting paleo channels, and thus potential for hosting placer gold (Lee et al, 1981). Refer to figure 9c for an example of a magnetic signature displaying this type of anomaly. Another indirect approach can be observed through the magnetic signature in relation to changes in overburden depth. The change in overburden depth will result in a stronger or weaker magnetic signal, assuming bedrock magnetic susceptibility is uniform across the valley bottom. A profile that contains a more subdued magnetic anomaly could represent deep over burden as a result of a deeply incised and filled paleo channel into bedrock (Lee et al, 1981). Refer to figure 9b, for an example diagram illustration of this phenomenon.

There are three main determining factors weather or not the magnetic survey technique will work; these factors include: the amount of magnetite associated with the paleo placer gravel, depth of placer gravels, and nature of underlying bedrock (Anderson). The leases at the Brewery Creek mine area appear to model a relatively suitable area for the magnetic survey. Nearly all placer gold deposits in the Yukon are enriched in magnetite, and panned concentrate from the creeks on the leases show strong magnetite influence. This ground based magnetic survey technique generally works better with deeper deposits, hence deeper overburden, as the overburden tends to mask the interference from the underlying bedrock thus improving the signal to noise ratio (Anderson). Both Lucky Creek and Golden Creek demonstrate high probability for deep overburden along the valley bottom. The ideal bedrock is uniform meta-sediment with minor igneous intrusion that provides a uniform background magnetic susceptibility and will not mask the signals from the gravels (Anderson). Lease ID01099 lies near a regionally mapped contact which may interfere with signals generated from the overlying gravels and potentially cause interpretation problems. Lease ID01105 is located over a uniform package of sedimentary rock and igneous intrusion with a major interpreted fault running the

length of the valley. This fault could also present problems with magnetic interpretation and the overall confidence of shafting targets.

In 2012 Golden Predator Resources Ltd (Golden Predator), conducted an airborne magnetic survey over the Brewery Creek area. The survey lines were spaced 100 meters apart and traversed in an east – west orientation. The survey lines were an average height above ground of 36 meters however; this survey height was likely increased when overtop of the valley bottoms. The leases cover an area with subdued magnetic signature with a smooth gradual increase in magnetic field from south to north. The total range in the airborne magnetic field covering the survey area of Lucky and Golden Creek Valley bottoms is approximately 40 nT. Refer to figure 10 showing the leases location in relation to the total magnetic intensity recorded from the 2012 airborne magnetic survey conducted by Golden Predator. This airborne TMI map was compared to the 2013 ground based TMI map and used for interpolating the magnetic anomalies associated with placer deposits.

The 2012 airborne survey shows the leases underlie relatively uniform magnetic susceptible bedrock units and the 2013 ground magnetic survey, covering the prospecting leases is consistent with the overall gradual magnetic field increase south to north observed in the airborne survey. In addition, a few magnetic high anomalies observed in the ground magnetic survey that showed potential to highlight magnetic placer were also observed in the regional airborne magnetic survey and helped to rule them out as they were assumed to be a geophysical anomaly produced by geological structure rather than placer.

The ground based magnetic survey is far more sensitive than the airborne survey, primarily as it is much closer to the ground and also a constant height from the ground. The ground based magnetic survey will pick up relatively narrow subdued signatures that the airborne magnetic survey would not otherwise detect. In addition, abrupt changes in 20 – 30 nT over short lengths (40 m) would not show up in a regionally contoured TMI map such as the one produced by Golden Predator (shown in figure 10) as sophisticated interpolation calculations would smooth out the anomaly.

Despite the confidence level of the 2013 magnetic survey, this technique is a relatively inexpensive first pass exploration tool that helps increase the probability of successfully hitting placer gold deposits in future programs. This method will always prove to be more efficient for first pass testing rather than blindly digging test pits, especially in an area with deep overburden and wide valley bottoms where the cost and time to dig a shaft to bedrock is amplified, and success of hitting gold in the first few shafts is a must in order to warrant further exploration.

The most difficult task for interpreting the magnetic data for placer deposits is to recognize anomalies that are created by bedrock and topographical features alone, and thus eliminating these false magnetic anomalies as testing target locations. Changes in topography can strongly affect the magnetic field and often cause false magnetic anomalies. This topographical effect should always be kept in mind when interpreting and deriving targets from the magnetic data. The magnetic readings tend to increase at the toe of a hill and depend on the slope of the hill, magnetic susceptibility of bedrock, and overburden depths (Lee et al, 1981). This topographic effect is apparent in the survey conducted on the leases at the Brewery Creek area and have been taken into consideration during data interpretation and selection of test pit locations.

FIGURE 9: MAGNETIC THEORY DIAGRAMS ***A.)*** *shows an ideal profile (magnetic signature) over a magnetite rich placer deposit.* ***B.)*** *shows a magnetic signature one could expect over a buried paleo channel that deeply incised into the bedrock.* ***C.)*** *shows an example of a magnetic signature capturing magnetite susceptible boulders in a buried paleo channel.*

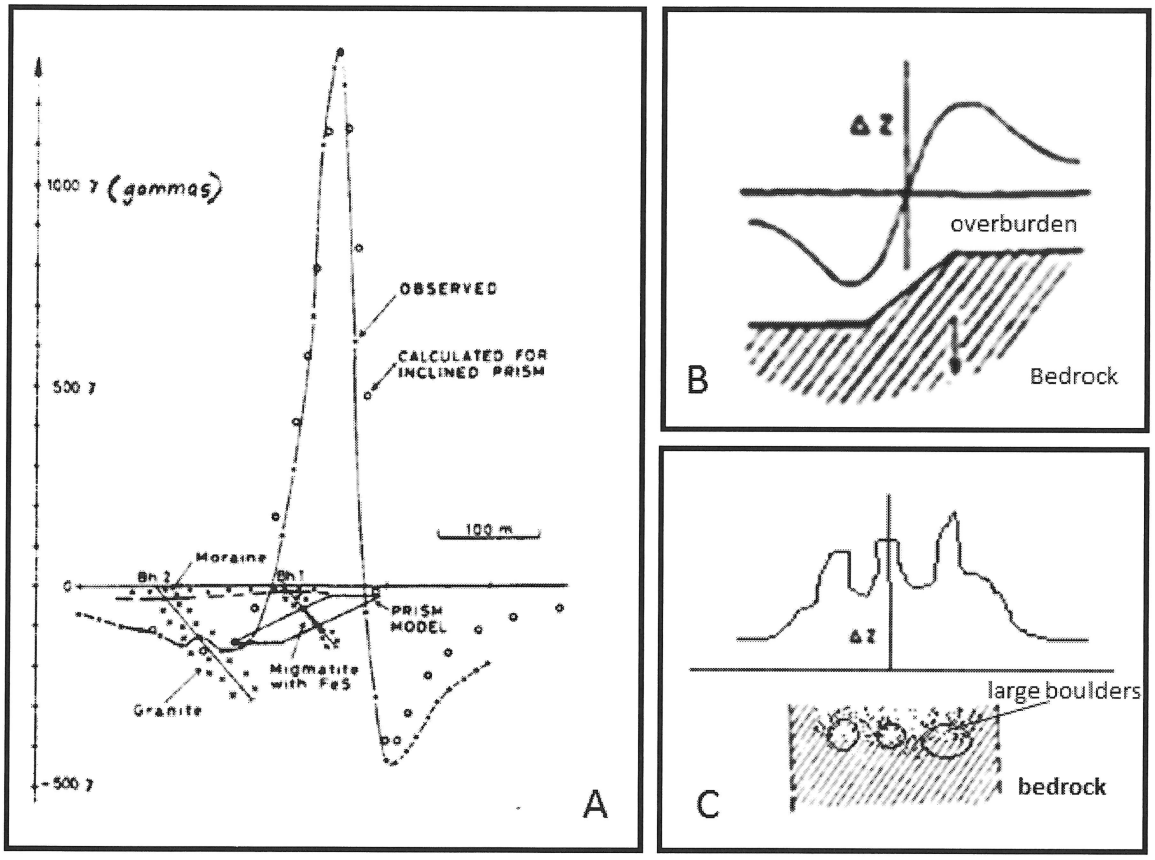
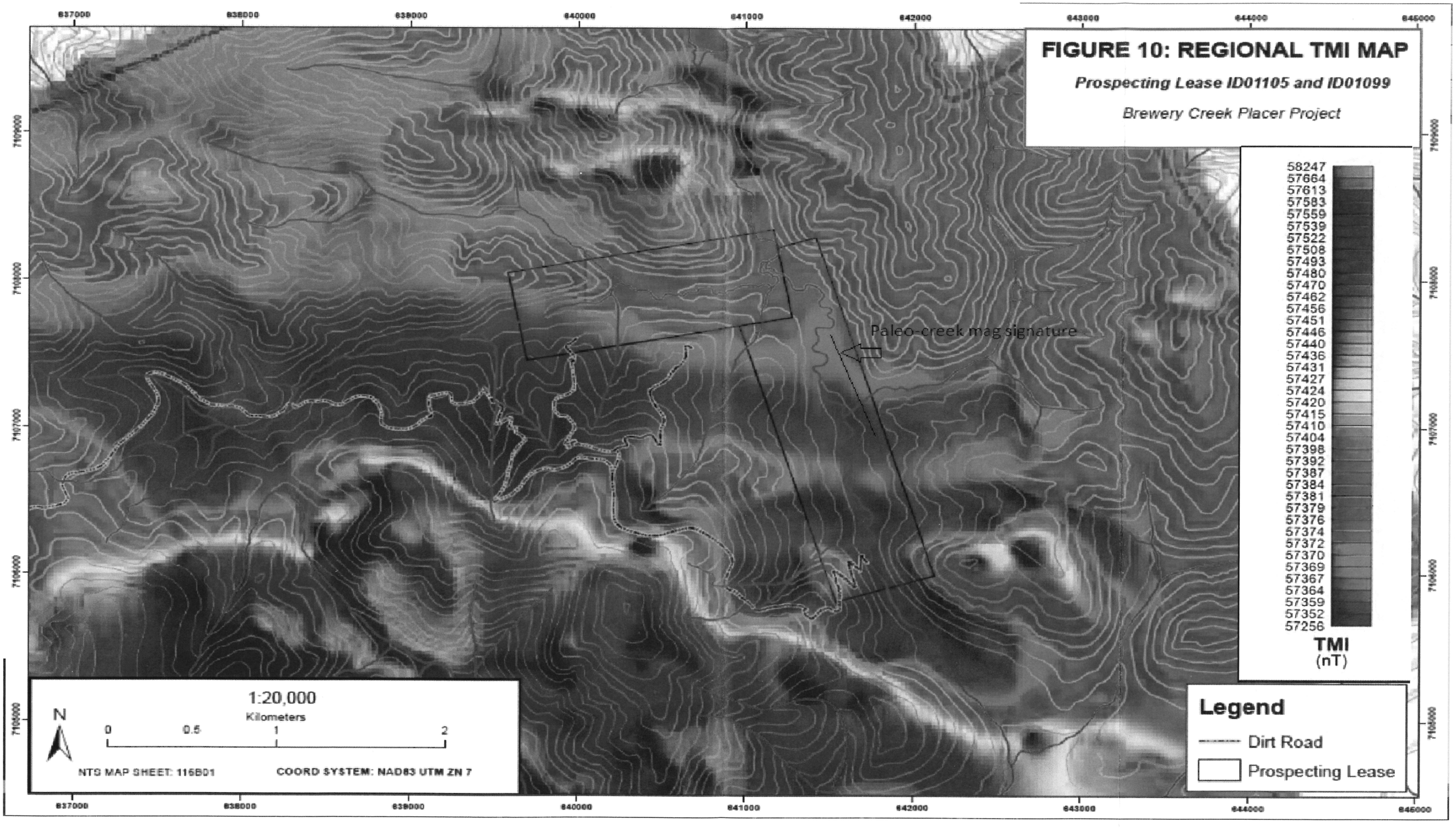


FIGURE 10: REGIONAL TMI MAP

Prospecting Lease ID01105 and ID01099

Brewery Creek Placer Project



7.0 INTERPRETATION & CONCLUSION

The TMI plan view map illustrating the results of the ground based magnetic survey was produced and contours were drawn to 5 nT increments (figure 11). The surveyed area has a magnetic intensity range of 197 nT with lease ID01099 and southern portion of Lease ID01105 containing higher magnetic fields and the southern portion of Golden Creek ID01105 containing the lowest magnetic field. This magnetic contrast is attributed to the underling geology with the magnetic low correlating with the mapped igneous intrusion. Refer to figure 8 for the regional geology map. Magnetic profiles of specific survey traverses were produced and can be viewed in figures 12 thru 14. The combination of plan and magnetic profiles show anomalous linear magnetic signatures (15 – 30 nT) that parallels the valley length for both leases.

Lucky Creek (ID01099)

Lease ID01099 has a consistent linear magnetic high that runs parallel with the length of the lease along the right limit of Lucky Creek. The magnetic anomaly is believed to be influenced by the topographic effect as the right limit of Lucky Creek contains a steep colluvium valley wall. Refer to profile B in figure 12 showing the magnetic signature in relation to the topographic change. In addition to the topographic effect, there is a regionally mapped bedrock contact located 1 km south that runs parallel with Lucky Creek, thus potentially altering the magnetic signature and potentially enhancing the linear magnetic high observed. Refer to figure 8 for the regional geology map. This linear magnetic signature does not warrant a test pit at this time, however if paleo placer gold is discovered on either of the leases, this magnetic anomaly should be further investigated. The lower section of Lucky Creek where it joins Golden Creek (Lease ID01105) contains a broad magnetic high on the right limit and does not appear to be effected by the topographic effect compared to the upstream anomalies. The magnetic anomaly contains an up and down pattern that could indicate magnetically susceptible large boulders that have deposited along a significant paleo channel. See profile C in figure 12 illustrating this magnetic signature. Further reason for the proposed shafting target is that some of the richest

placer deposits in the Yukon are located at the confluence of two streams, so with the combination of a magnetic high signature, this is a perspective target for a test pit. Refer to figure 11 for the proposed test pit location.

Golden Creek (ID01105)

Lease ID01105 also contains a series of linear parallel magnetic highs that run parallel with the valley bottom. The magnetic anomaly is located on the left limit of the creek. Refer to figure 11 showing contoured TMI plan map. The narrower magnetic high closest to the creek is located near the centre valley bottom in relatively flat terrain and does not appear to be affected by the topography. This anomaly is observed in 7 survey traverse (D,E,F,G,H,I,L) for an approximate length of 700 m along the valley bottom. This anomaly is believed to represent a paleo channel that flowed in a north to south direction. Refer to figure 13 for the magnetic profiles (D,E,F,G,H,I,L) showing the anomaly. A second parallel anomaly is located to the east where the valley bottom and wall meet. It is believed to be mildly influenced by the topographic effect, however the valley is significantly more subdued then Lucky Creek and thus has a weaker influence on the magnetic field. Because the anomaly sometimes weakens despite an increase in slope, it is postulated that the second broader anomaly could represent a paleo channel bench deposit covered up by thick colluvium deposits. The proposed bench is marked by a double peak anomaly that is seen consistently down the valley bottom. This phenomena is best seen in profiles D,E, and G in figure 13 and could represent the maximum extent of the paleo channel flow with deposition of sediments alongside the valley walls.

It is important to keep in mind that a regional fault is mapped along the length of the lease and could interfere with the magnetic signature captured along the valley bottom. Refer to figure 8 for the regional geology map. The rock type underling the magnetic anomaly is of Road River group meta-sedimentary rock and is assumed to have a relatively subdued magnetic susceptibility. In addition, the overburden is expected to be quite deep thus masking the bedrock (fault trace) influence on the magnetic signature.

Lastly, a relatively strong magnetic anomaly was observed in the southern portion of lease IDO1105. This magnetic high is located over relatively flat valley bottom topography and does not appear to be influenced by the topographic effect. The anomaly is underlain by a regionally mapped igneous intrusion that the survey captures as a magnetic low. Refer to figure 11 for plan view map and figure 14 for magnetic profiles (J,K) showing the anomaly. This anomaly does not appear to reflect a paleo channel as the magnetic high overlaps with an east – west narrow magnetic high observed in the property scale airborne magnetic survey conducted by Golden Predator in 2012. See figure 10 for the 2012 airborne TMI map.

FIGURE 11: CONTOUR MAP

Prospecting Lease ID01105 and ID01099

Brewery Creek Placer Project

639000 640000 641000 642000

7108000 7107000 7106000

A B C D E F G H I J K L

Legend

Mag Contours (5 nt)

Dirt Road

Residual Magnetic Feild Value (nt)

High : 58066.4

Low : 57868.7

Shafting Target Location

Magnetic Profile

possible buried paleo flow deposits

N

1:10,000

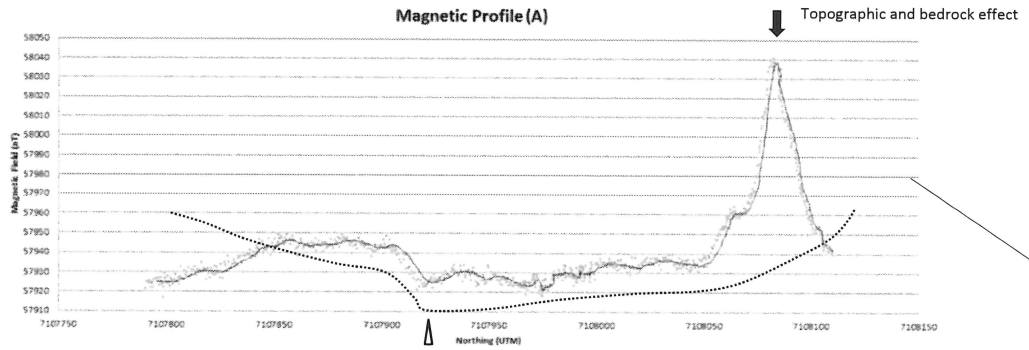
Kilometers

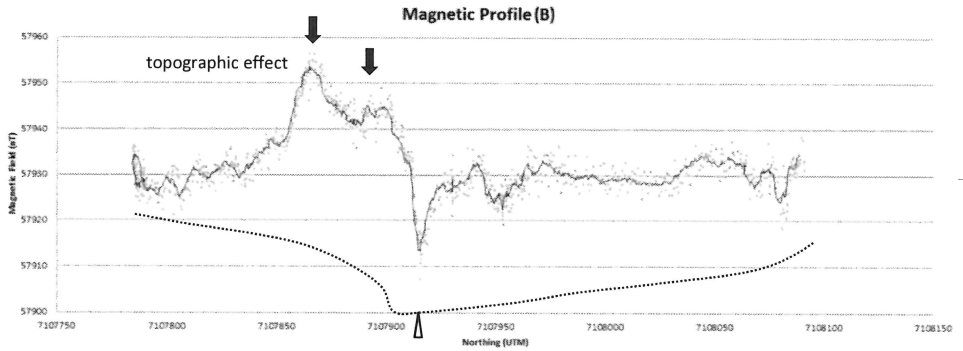
0 0.25 0.5 1

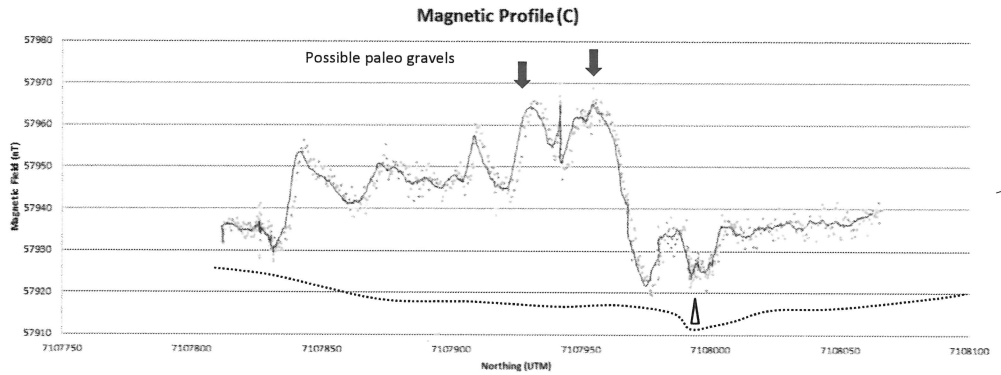
NTS MAP SHEET: 116B01

COORD SYSTEM: NAD83 UTM ZN 7

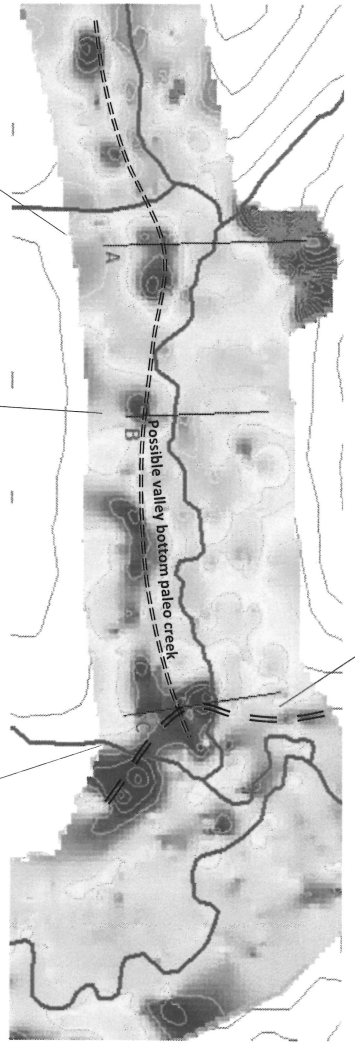
FIGURE 12: shows selected magnetic profiles along Lucky Creek (Lease ID01099)







LEGEND	
Creek bed	Approx topographic profile
Possible deposit by profile	Possible deposit by profile and topo



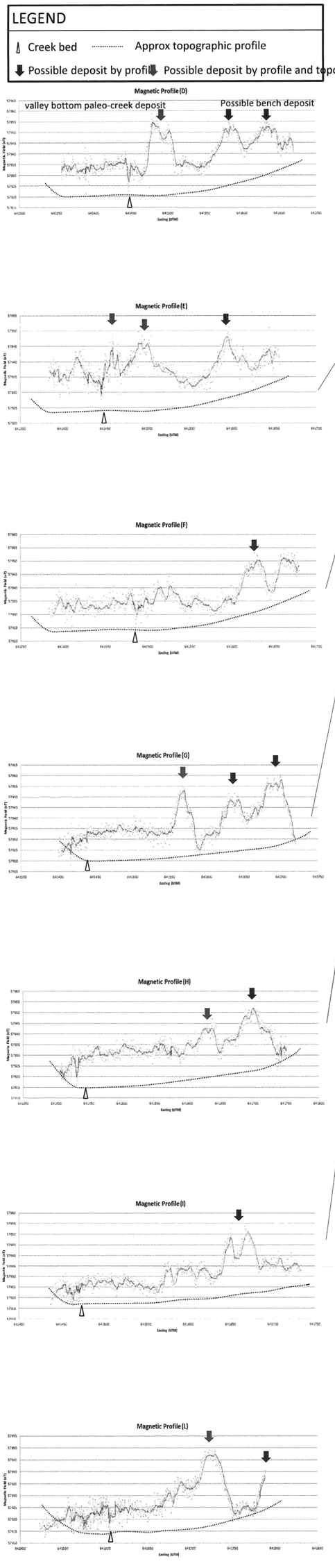
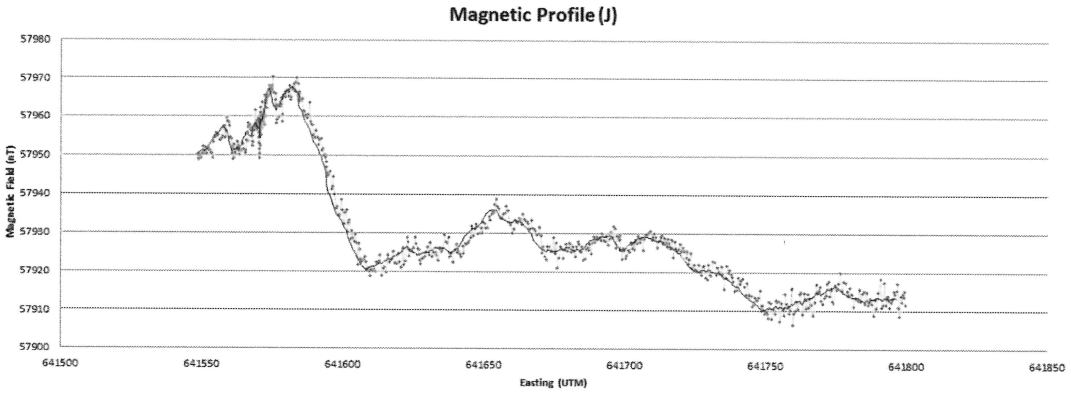
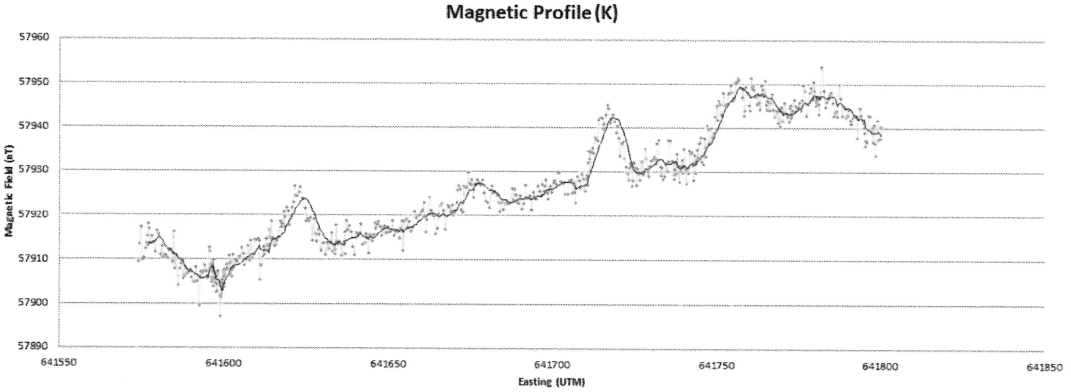
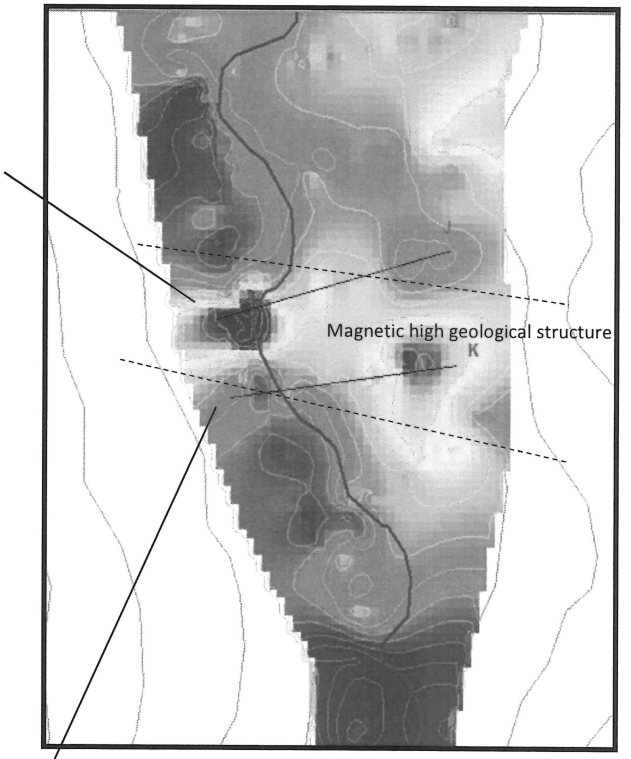


FIGURE 15: shows selected magnetic profiles along a portion of Golden Creek (Lease IDO1105)

FIGURE 14: MANGETIC PROFILES show selected magnetic profiles along Golden Creek (Lease IDO1105). J & K show magnetic signature produced from an east west orientated geological structure.







8.0 RECOMMENDATIONS

Four shafting targets have been recommended based on the magnetic survey. Refer to figure 11 for a map showing the proposed shafting locations. The following are listed in order of confidence:

1.) NAD 83 UTM ZN 7 641483 m E 7107609 m N

- Lease IDO1105 – Golden Creek

  - Profile D – Strong linear magnetic high at valley bottom (40 m wide). Interpreted as paleo channel.

2.) NAD 83 UTM ZN 7 641564 m E 7107380 m N (contingent on target 1 results)

- Lease IDO1105 – Golden Creek

  - Profile G – Strong linear magnetic high at valley bottom (30 m wide) southern extension of linear anomaly tested in target 1.

3.) NAD 83 UTM ZN 7 641582 m E 7107634 m N

- Lease IDO1105 – Golden Creek

  - Profile D – Strong broad (double peak) linear anomaly east and parallel to the Target 1 magnetic anomaly is testing. Interpreted as a paleo bench.

4.) NAD 83 UTM ZN 7 641035 m E 7107941 m N

- Lease IDO1105 – Lucky Creek

  - Profile C – Strong sporadic linear magnetic high near confluence of Lucky and Golden Creeks. Located on right limit at the western extension of the linear magnetic high that parallels Lucky creek. Interpreted as reworked large paleo channel gravels.

In order to properly test the lease and determine if paleo placers exist in the valley bottoms, one must sink a shaft to bedrock at the four locations presented above. If this is not done, one will never know if the area has a chance of hosting placer gold deposits. If gravels are encountered below the organic and colluvium overburden in the first shaft, and especially if there is evidence of significant paleo flow (large boulders), then the remainder of the proposed shafts should be completed weather or not significant gold concentrations are found. If the first shaft does not reach bedrock or gravels (> 50 ft) than no further exploration is recommended. All gravels encountered in the shafts need to be categorized and described and then run through a sluice box and tested for economic gold concentrations.

Respectfully submitted,

Clayton Jones
B.Sc., (Geology)
March 1, 2014

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10.0 STATEMENT OF QUALIFICATION OF AUTHOR[S]

I, Clayton Jones, of:

1898 Ranch Road,
Roberts Creek B.C.,
V0N 2W5

Do hereby certify that:

1. I am a mineral exploration geologist with over 5 years of experience working in the Yukon and British Columbia.

2. I am a graduate of the University of British Columbia Okanagan (UBCO), with a degree in geology (B.Sc., 2011) and have been involved in geology and mineral exploration continuously since 2009.

3. I am a registered geologist in good standing with the Association of Professional Geologists and Engineers of British Columbia (APEGBC) and hold the title "geologist in training".

4. I am a member of The Association for Mineral Exploration British Columbia, AME BC.

5. I am the author of this report on the Brewery Creek Mine Placer Project, located in the Dawson, Mining District, Yukon. The report is based on my personal examination of the ground between September 1, 2013 and September 7, 2013.

Clayton Jones, B.Sc.

March 1, 2014

APPENDIX I

Costs

COSTS ASSOCIATED WITH THE GEOPHYSICAL SURVEY ON THE BREWERY CREEK MINE PLACER LEASES				
(Lease ID01099 & ID01105) *Conducted from September 1 - 7, 2013*				
ITEM	DESCRIPTION	COST/ITEM ($)	QUANTITY	TOTAL ($)
GEOLOGIST WAGE	Clayton Jones, Magnetic Survey in Field	350/day	7	2450
MAG UNIT RENTAL	Gem Systems GSM-19 Overhauser ground magnetometer -rental from Druid Exploration Inc. of Dawson City	100/day	5	500
GEOPHYSICAL REPORT	Magnetic Interpolation and Technical report compilation, completed by Clayton Jones	500	1	500
TOTAL COSTS				**$ 3450**