

ASSESSMENT REPORT

105N-09-1

PLATA & INCA

PREPARED BY

DIAND TECHNICAL SERVICES

MARCH, 1994

105N-9-1

PLATA & INCA

LOCATION

Latitude: 63° 35'05"N

Longitude: 132° 01'20"W

The site is in a remote location approximately 190km east of the community of Mayo. The site can be accessed by flying from Mayo to an airstrip along Fido Creek then travelling on a trail approximately 10km to the north. The site is located on steep slopes of the Surveys Range of the Hess Mountains. Alternatively, the site could be accessed in the winter from a very poorly defined trail from the North Canol Road to the southeast. This poorly defined trail was likely used several years ago to get equipment to the site. This trail crosses several streams.

The site is between 1300-1600m above sea level.

Refer to Appendix A for location maps and airphotos of the site.

WORK HISTORY

A work history has been compiled from the Department of Indian Affairs and Northern Development Yukon Minfile record 105N 003. This work history follows.

July, 1969 - Staked as Greg claims by Atlas Exploration Ltd. for the Hess Project which carried out prospecting and geochemical sampling later in the year.

September, 1972 - Restaked as Plata claims following detailed prospecting by a joint venture between Dynasty Exploration Ltd. and Atlas Exploration Ltd., which explored with grid soil sampling and 6 drill holes (401m).

1973 - A winter road, a bush airstrip 10km south of the site, 25km of tote roads on the claims, grid soil sampling, detailed mapping and bulldozer trenching was completed.

1974 - Atlas Exploration Ltd. changed its name to Cima Resources Ltd. as well as completed additional trenching.

1975 - Dynasty Exploration Ltd. changed its name to Cyprus Anvil Mining Corporation.

1976 - A. Harman and Associates mined and shipped about 90 tonnes of hand cobbled ore to the Trail smelter.

August, 1980 - The Spis claims were tied on to the northeast by the Argent Project (Rio Alta Exploration Ltd., Radex Resources Ltd., ABM Mining Group Inc., Ebony Resources Ltd., and Welcome North) which performed soil sampling later in the year.

1981 - Control of the Plata property was acquired by Dome Petroleum Ltd.

- 1983 - The property was sold to Dawson Eldorado Gold Exploration Ltd. and Silvercrest Resources Corporation which mined 450 dry tonnes from open cuts and shipped it to a smelter.
- 1984 - 1360 tonnes of ore was mined. Most of the ore was mined from the Plata 2 vein, while the remainder came from the nearby Inca vein system.
- 1985 - Dawson Eldorado drove a 260m cross-cut about 100m vertically below the 2 Vein open pit in a joint venture with AVF Group (Primary Exploration Ltd. & Royal Bank Venture Capital Ltd.) and drilled 13 holes. Dawson Eldorado changed its name to Dawson Eldorado Mining Ltd. and optioned the property to Pacific Trans-Ocean Resources Ltd.
- 1987 - Pacific Trans-Ocean Resources Ltd. drilled 670m on the #4 Vein and mined 74 tonnes from the Plata #6 Vein and 40 tonnes from the Plata #4 Vein.
- August, 1991 - Dawson Eldorado transferred the Plata claims to Gold City Resources Inc.

CLAIMS STATUS

Status of mineral claims including claim names and numbers, claim expiry dates, and current owners in the vicinity of the Plata & Inca site have been noted as of 1992/03/31 as follows;

<u>CLAIM NAME/NUMBERS</u>	<u>EXPIRY DATE</u>	<u>OWNER</u>
Plata 1-36, 45-48, 57-60, 63-72, 81-140, 145-152, 169-180, 281-288.	December 5, 2002	Gold City Resources Inc.

Major commodities identified at this site includes silver, lead, and gold. Minor commodities include zinc and copper.

More than 14 veins over the Plata site occur over a 2x5km area. Two types of veins are present, both hosted in fault or fracture zones cutting the structural fabric in Proterozoic and/or Lower Cambrian limestone, quartzite, and shale and unconformably overlying Devonian shale and chert. The mineralized veins consist of galena and sphalerite in a siderite gangue.

CURRENT SITE CONDITIONS

The Plata & Inca exploration site is located in a remote location approximately 190km east of the community of Mayo. This site can only be reached by flying to the site. An airstrip 10km south of the exploration area allows fixed wing aircraft to land in the area, however ground transportation is then needed from the airstrip to the exploration site. This airstrip measures approximately 1km long by about 100m wide. As noted from the Work History section, a winter road was also constructed into the site in 1973. This trail is poorly defined and has grown over with vegetation. This trail could be re-established for winter travel with alot of effort.

The site is made up of two distinct areas, namely the airstrip and camp (with most of the remaining equipment) which is located along Fido Creek, and the exploration area approximately 10km to the north in the Surveys Range of the Hess Mountains.

Site photographs showing current site conditions are attached as Appendix B to this report.

The exploration site covers an area about 2x5km in size in very steep mountainous terrain. This area is crossed by an extensive network of exploration trails and trenched areas. A main access road extends to an open adit. Disturbance at this exploration site, in the form of trenching, extends from below treeline to well above treeline. This trenching and road construction across this large area has caused a large amount of surface disturbance and damage. The vegetation has been removed from the disturbed areas and will be very slow to recover. Very little revegetation was evident in this dry northern environment.

The adit is above treeline into a vertical rock face. Vegetation ranges from a thick covering of black spruce, willows, and other northern alpine vegetation at the lowest part of the site to essentially bare rock at the highest levels of the site. Surficial soils across the site range from a thick veneer of silt till overlying bedrock at the lowest part of the site to exposed bedrock at surface on the higher parts of the site. One tributary to Fido Creek flows from the area. The main access road into the exploration site from the airstrip has been constructed beside this creek.

Remaining infrastructure found at the adit or in the area of the adit includes;

- one ore loader,
- one compressor (below adit),
- 3 pails of grease,
- a 2.4x3.7m wood frame plywood clad storage shed beside the adit,
- several empty 204 litre barrels,
- an extensive amount of wood waste scattered around the site,
- miscellaneous pieces of hose, core boxes, plastic pails, cable spools, metal ammunition cases, etc.

The majority of the material has been left at the camp site beside the airstrip. A list of this material is presented below;

1) Fuel and Fuel Storage Tanks

- 156-204 litre barrels of diesel,
- 13-204 litre barrels of Jet B fuel,
- 220 empty 204 litre barrels,
- 1-3785 litre propane tank,
- 1-2270 litre empty fuel storage tank,

- 1-4540 litre empty fuel storage tank.

2) Buildings

- one 4.9x9.8m wood frame plywood clad building used as a cookhouse,
- one 3.7x4.9m wood frame plywood clad building (with washer, sink, diesel stoves, and a variety of metal waste),
- five 4.3x4.3m wood tent frames,
- one 4.9x12.2m metal arch roof workshop storing tools, equipment parts, and several lead acid batteries.

3) Equipment

- 1 Toyota Land Cruiser,
- 1 International Scout,
- 1 D155A Komatsu dozer complete with angle dozer and ripper (1979),
- 1 D65 Komatsu dozer with angle blade (1972),
- 1 mine haul truck,
- 1 D313 Komatsu dozer with bucket,
- 2 Lincoln arc welders,
- 1 compressor,
- 1 15kW generator,
- 1 780 Case backhoe complete with front end loader,
- 1 Mercedes Benz all terrain vehicle,
- 1 Case backhoe attachment,
- 1 large sleigh.

This list of equipment lists only the major items found on-site. Many small pieces of equipment still remain but were not listed.

Three rows of ore bags have also been piled along the north side of the airstip taking up an area approximately 60m long by 10m wide. These bags of ore have been hauled from the exploration area to the airstrip with the intention of loading the ore on aircraft and flying it from the site for off-site processing.

It was noted that all the large equipment was posted as seized by the Royal Bank.

RECOMMENDATIONS

Exploration activity at this site has resulted in extensive disturbance to the site. Recommendations for additional site investigations and site remediation plans are provided for the exploration area and the airstrip and camp site separately.

Exploration Area

Extensive road construction and stripping across this area has resulted in significant damage to the vegetation and surficial soils. The stripping is so extensive on very steep slopes that some erosion is occurring. A more detailed inspection is needed if individual slope instabilities and potential sedimentation of watercourses is to be examined properly.

Site remediation, if it was undertaken, would consist of reshaping cut slopes to blend with the natural slopes and revegetating the site. This method of remediation would be very costly and also result in additional disturbance to the site setting back any revegetation that may have started. Instead, it is recommended that leaving the site to recover naturally is likely the most suitable solution for this site. However, it must be understood that recovery of the site will be slow in this area that is extremely remote, dry, and sensitive to disturbance. Revegetation of the site is likely best left to natural reseeding due to its remoteness, and the difficulty of promoting growth in an extremely dry environment with very poor soil.

It is unlikely that the constructed roads will cause much future instability in the area because the site is very dry and they are constructed on shallow surficial soils overlying bedrock.

The open adit near the top of the exploration area is at a very remote location. This adit is so remote that it will be reached by the public very infrequently. However it is still a public safety hazard and it is recommended that the site at least be posted to advise anyone entering the area of the potential hazard.

Equipment, a building, and a significant amount of wood and metal waste including barrels and some hydrocarbon products have been abandoned at this site. To improve the environment this material should be gathered and removed from the site. However it should be understood that any clean-up work will be very expensive to implement at this very remote location. Clean-up should be completed by removing the highest priority items first. This includes removal of hydrocarbons products and any chemicals.

Airstrip and Camp Site

An extensive amount of equipment has been abandoned at the site, likely because it is in such a remote location. Removal of this equipment would require either flying this equipment from the site or driving it to the North Canol Highway and hauling it from the site. If this equipment was to be flown from the site much of it would have to be broken down into small units. Large aircraft would have to be used for this type of clean-up operation making it very expensive to implement. The alternative method of removing the equipment from the site on a winter trail is also a very difficult and expensive. It would require reconstruction of the winter road, mobilizing enough equipment and manpower to load very heavy equipment left on-site, and then removal of this equipment from the site. This type of clean-up operation would create additional damage to the environment, and

this approach to removing the equipment from the site would need to be evaluated in more detail prior to implementation. Some of the equipment currently on-site may be used for this clean-up program, however a proper condition assessment of the equipment would be needed.

Leaving the equipment on-site does not appear to be contributing to additional damage of the surrounding environment. However, the equipment left on-site will slowly deteriorate and lose any residual value it may still have. Removal of this equipment should be considered a **LOW** priority.

The buildings left on-site have little residual value and will continue to deteriorate with time. These buildings are not contributing to additional damage to the environment, however they may become unsafe to enter at some time in the future. Clean-up of the buildings should be considered a **LOW** priority.

The 169 barrels of fuel found on-site could result in a relatively large hydrocarbon spill. Removal of this fuel from the site or proper controlled incineration should be considered a **HIGH** priority and should be completed as soon as possible.

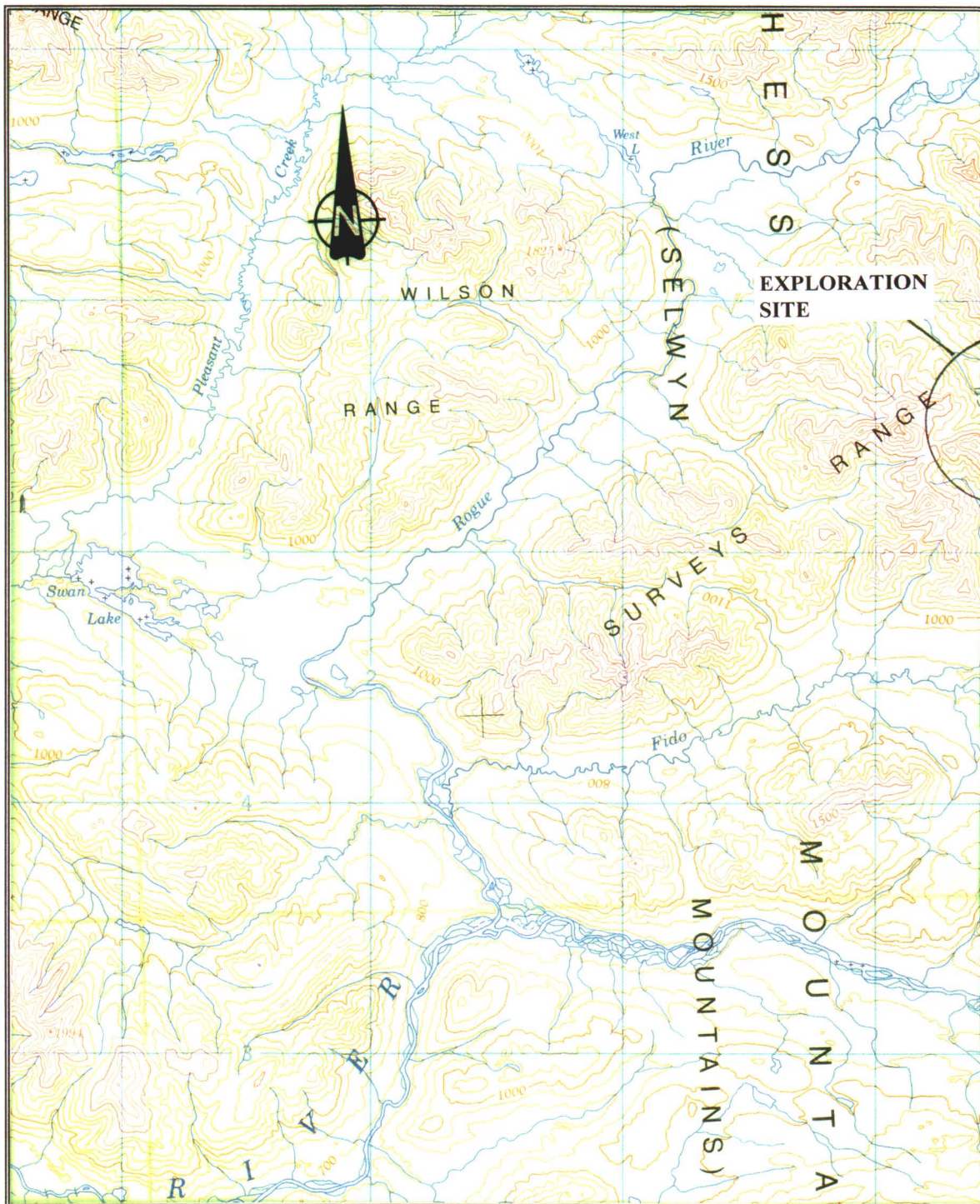
It is recommended that the airstrip be kept intact to allow access to the area.

SUMMARY

In summary, disturbance is extensive at this site and significant infrastructure has been left behind. Removal of the large quantities of the remaining hydrocarbon products should be considered a **HIGH** priority. Clean-up of remaining buildings should be considered a **lower** priority than clean-up of the hydrocarbons. Overall regrading and revegetation of the road grid over the exploration area is not considered a practical solution to improving site conditions at this very remote location.

APPENDIX A

SITE LOCATION MAPS



SITE NAME: **PLATA & INCA**

SITE NUMBER: **105N-9-1**

MAP NUMBER: **105N**

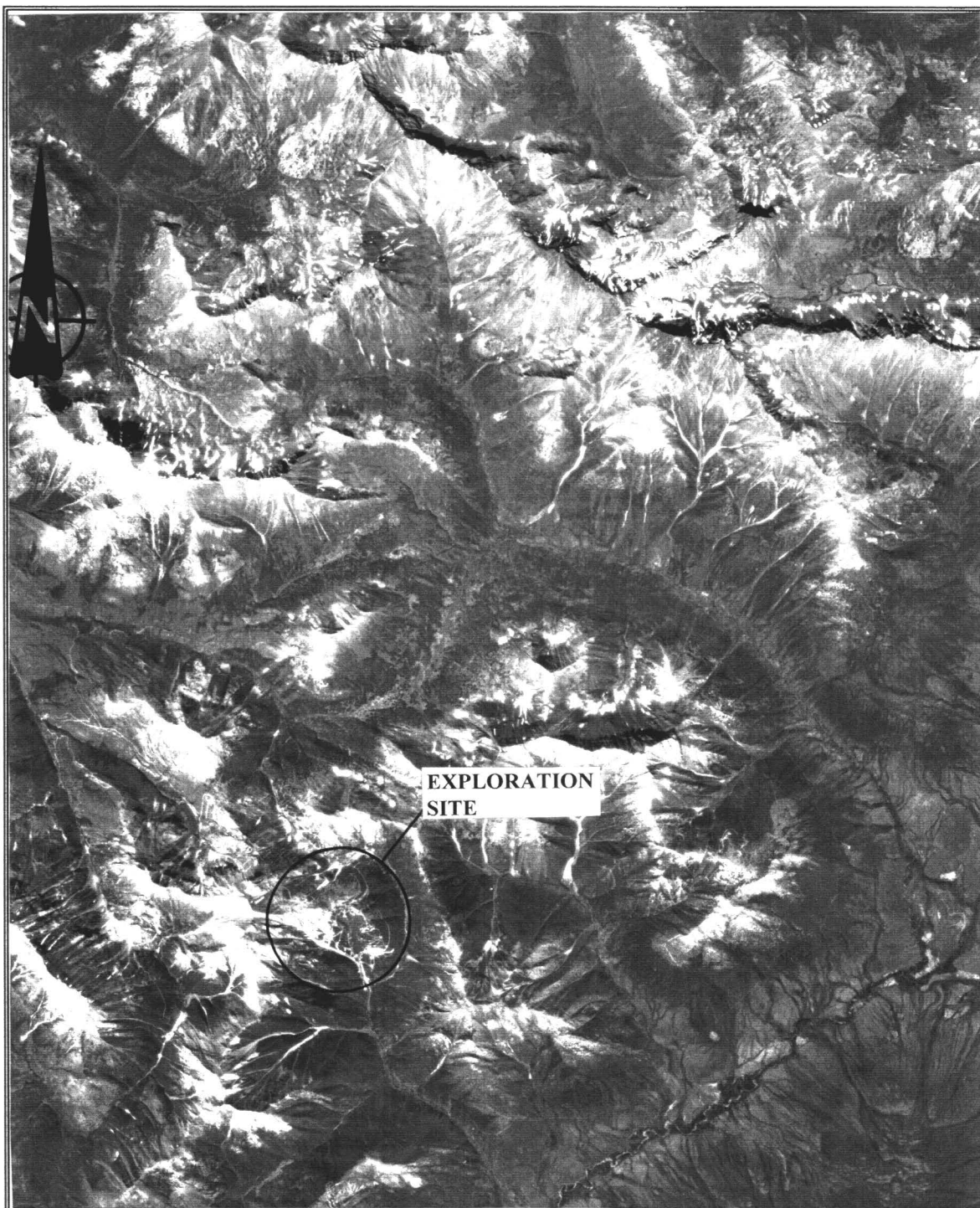
MAP NAME: **LANSING RANGE**

MAP SCALE: **1:250000**

SITE LOCATION:

LATITUDE: **63° 35'05"**

LONGITUDE: **132° 01'20"**



SITE NAME: PLATA & INCA

SITE NUMBER: 105N-9-1

AIRPHOTO NUMBER: A24960-117 YEAR: 1977

AIRPHOTO SCALE: 1:70000

SITE LOCATION: LATITUDE: 63° 35'05"

LONGITUDE: 132° 01'20"

APPENDIX B

SITE PHOTOGRAPHS



ROADS AND TRENCHING AT EXPLORATION SITE



UPPER LEVEL TRENCHING



LOWER LEVEL TRENCHING



OPEN ADIT AND WASTE AT ADIT



FUEL BARRELS, EMPTY BARRELS, AND CAMP BUILDINGS



BAGS OF ORE ABANDONED ON-SITE



CAMP SITE AND AIRSTRIP



CLOSE-UP OF CAMP SITE



DOZERS AND MINE HAUL TRUCK (BACKGROUND)



SMALL DOZER, ARC WELDER, WORKSHOP, AND FUEL STORAGE TANKS



INTERIOR OF WORKSHOP



BACKHOE, BACKHOE ATTACHMENT, ALL-TERRAIN VEHICLE, AND LANDCRUISER