



Economic Development:
Mines & Small Business
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C 1714

90064/506

MINING INCENTIVES PROGRAM

APPLICATION FORM

Prospector's Name LARRY TREMBLAY

Partner's Name DARREL DUENSING, JOHN GARTNER

Contact Name LARRY TREMBLAY

Operator Name LARRY TREMBLAY

Mailing Address Gen Del Haines Junction

Province Yukon Postal Code Y0B1L0

Telephone 634 2357 FAX _____

Company Name None at present

Head Office Address n/a

Province _____ Postal Code _____

Telephone _____ FAX _____

Type of applicant (please check) :

- Individual
- Partnership
- Company or Corporation
- Joint Venture

Project Geologist/Engineer None at present

Field Telephone # or Radio Call Sign summer rental, number then

Advance Requested (available for prospectors only) Yes/No

DECLARATION. I hereby apply to the Yukon Mining Incentives Program for the KELLI? REED CREEK PROJECT project, and declare the information submitted to be true and accurate.

Name Larry Tremblay Signature _____ Date 4 April 1990

KELLIE PROPERTY Lat 61' 33'N, Long 139' 37'W

Yukon quartz claim sheet 115-G-12

43 quartz claims

Owners

Percentage of ownership

Dannel Duensing Burwash Landing Yukon 43%
(claims registered in his name)

Larry Tremblay Haines Junction Yukon 43%
Main contact 634-2357

John Gartner Lander Wyoming U.S.A. 14%

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History Kelli property

Exploration Pre 1989
1989

geology (outdated)

Photos Formations
trenching
rock samples

Reports assays

Maps Location
Claims
air photo
identification

Application Target evaluation grant

<u>CLAIM NAME</u>	<u>NO. OF UNITS</u>	<u>CLAIM NUMBER</u>
Kelli 1	1	YA93845
Kelli 2	1	YA93846
Kelli 3	1	YA93847
Kelli 4	1	YA93848
Kelli 5	1	YA93849
Kelli 6	1	YA93850
Kelli 7	1	YA93851
Kelli 8	1	YA93852
Kelli 9	1	YA95337
Kelli 10	1	YA95338
Kelli 11	1	YA95339
Kelli 12	1	YA95340
Kelli 13	1	YA95341
Kelli 14	1	YA95342
Kelli 15	1	YA95343
Kelli 16	1	YA95344
Kelli 17	1	YA95345
Kelli 18	1	YA95346
Kelli 19	1	YA96352
Kelli 20	1	YA96353
Kelli 21	1	YA96354
Kelli 22	1	YA96355
Kelli 23	1	YA96356
Kelli 24	1	YA96357
Kelli 25	1	YA96358
Kelli 26	1	YA96359
Josie 1	1	YA96350
Josie 2	1	YA96351
Grace 1	1	YA97463
Grace 2	1	YA97464
Grace 3	1	YA97465
Grace 4	1	YA97466
Grace 5	1	YA97467
Grace 6	1	YA97468
Grace 7	1	YA97469
Reno 1	1	YA97470
Reno 2	1	YA97471
Rose 1	1	YA95976
Rose 2	1	YA95977
Rose 3	1	YA95978
Rose 4	1	YA95979
Rose 5	1	YA95979
Rose 6	1	YA95981

kelli - REED CREEK PROJECT

The owners have 43 quartz claims situated on a left bank tributary of Reed Creek, a tributary of the Donjek River.

While placer mining has been our main objective, the nature of the placer gold indicated that the source was very close and in a number of areas as we progressed up creek. Active prospecting for the source basically did not begin with any planned effort until late 1987. Since that date considerable cost has been expended to trace the source, good results were obtained in 1989 which provided us with the necessary clues to the possible model and the potential of a number of areas we had uncovered in past years.

The 1990 program is to basically "dress up" and enlarge upon the proven areas found in 1989, uncover and ~~evaluate~~ evaluate other areas up the valley which indicated good potential and we now believe is part of a larger system.

The summer program will begin as early in May 1990 as weather permits with the completion no later than August 1, 1990.

Most of the work will consist of drilling and blasting, Cat and hoe trenching, washing down canyon wall with pump and monitor, there will be some hand trenching. Most of the sampling will be by a proper geologist, mapping and report prepared by same.

The main objective is to prepare the property to an extent whereby maximum benefit can be obtained for the work we have carried out over the years and the value of the property.

Scheduling of each phase of the work as to begin and completion time is impossible at this time, ice and thawing conditions will dictate each phase, Priority will be given to the two proven areas, Lower and Middle canyon, the diorite dikes can be worked early due to their location high on the canyon wall/.

Hopefully this property will be optioned/joint ventured no later than August 1 1990.

Assessment work has been registered each year with the Whitehorse mine recorder's office.

1990 Proposed work program required to further appraise the property in preparation to joint venture on option

Where as the 1989 season provided excellent results, we recognize the importance of expanding those results to enable a reasonable return on our investment and years of work, concentration will be on targets known to have good potential. and will consist of:
Lower canyon Kelli claim no 17

To date 92 feet of quartz carbonate graphite has been exposed, assays are good, considerable cleanup of this exposure is required for good evaluation, there is also strong evidence that this shear system carries on for some distance beyond what has been exposed.

Further exposure will require;

- a) removal of overburden and old timers tailings by washing the canyon wall using a 6 in pump and 2 in monitor
- b) drilling and blasting of overburden and tailings
- c) removal of waste material by D8 cat and 1 yd. backhoe
- d) drill and blast face of bedrock to provide a clean face for viewing and sampling

Costs based on frozen material requiring the process to be repeated a number of times

pump rental	\$ 70.00 hr	20 hrs
drill rental	55.00 day	5 days
cat D8	125.00 hr	15 hrs
hoe	100.00 hr	20 "
Loader (front end)	60.00 "	10 "
Labour	10.00 :	90"

Estimated cost of project

\$7,050.00

Middle canyon Kelli # 2

Approx. 90 ft of quartz carbonate, silicified schist shear zone has been exposed. More work will be required than at Lower Canyon to provide a presentable exposure and evaluate the potential, placer results indicate that this area has the best potential in the lower valley. Work will be similar as Lower Canyon but will require considerable more cat, hoe and loader work to dispose of waste from the canyon wall.

pump	70.00 hr	20 hrs
drill	55.00 day	10 days
cat D8	125.00 hr	20 hrs
hoe	100.00	25 "
Loader	60.00 "	15
Labour	10.00 "	100

Estimated cost of project

\$7,350.00

Upper valley Kelli # 3

Evidence of valley fracture/shear along right bank, surface stripping has been carried out over the past two years to facilitate thawing, extensive workings of old timers along this fracture indicate excellent potential. a side cut over 200 ft long x 18 ft wide x 16 ft deep is required to expose the bedrock in this area. Extreme alteration, large limestone intrusion, porphyry dikes silicified green schist

cat D8	125. hr	18 hrs
hoe	100. "	15 "
Drill	55. day	2 days

Estimated cost \$ 4,055.00

Upper valley Kelli # 4

Two trenches (cat) were dug here in 1987-88. to test placer values one exposed extensive sulfides, the other 110 ft above exposed a large area of quartz carbonate graphite, while some assays were taken, samples were only taken from bedrock surface. Flooding in 1988 filled in these trenches. Present knowledge indicates excellent potential. Both trenches require reoplening, bedrock trenched for veining and sampling.

cat D8	125. hr	15 hrs
hoe	100. "	8 "

Estimated costs \$ 2,200.00

Upper Forks Kelli # 8

Trenching by cat in this area 1986 for placer and handrock values revealed extensive quartz sulfide veining, surface samples were acceptable, but only one of .6 oz ton were of good value. Flooding filled in the trench and no further exploration took place. There is also strong evidence through placer testing that this area supplies creek placer gold. A area of 200 ft long x 16 ft wide x 10 ft deep will be reoplene3d and extended if indications warrant.

cat D8	125. hr	14 hrs
hoe	100. "	10 "

Estimated cost \$ 2,750.00

Intrusion Upper Valley Kelli # 9

There is adequate evidence that a large intrusion cross cuts the upper valley just above the upper forks, placer testing indicate fine to small course gold originates from this area, one soil sample of 3200 ppb appears to confirm this, A number of silicified schist outcroppings occur along the right bank adjacent to the creek bed, hand trenching between these outcroppings reveal what appears to be major quartz veining →

Intrusion cont,'d

with considerable sulfides, free fine gold can be panned from this area, late season investigation prevented adequate investigation. It appears that the width of this intrusion could exceed 400 feet across a major part of the valley. side cutting the bank across the strike would expose most if not all of the intrusion. approx 400 ft long x 15 ft wide x 15 ft high.

cat D8	125. hr	30 hrs
hoe	100 hr	10 hrs

Estimated cost \$ 4,750.00

Diorite Dikes Kelli # 17

Three highly mineralized dikes have been identified as possibly diorite on the right bank canyon wall, surface sampling were not satisfactory, probably due to leaching. As the dikes are closely spaced there is a possibility this may be one dike 60 + feet wide. Hand trenching and drilling, blasting is required to uncover a large cross section to facilitate exploration and evaluation, possibly up to 80 ft wide x 6 ft deep. there is a strong possibility most of the material is quartz carbonate with extensive sulfides.

Hand trenching	10.00 hr	80 hrs
drill	55. day	5 days

Estimated cost \$ 1,075.00

Misc. Expenses

Fuels, oils	5,000.00
blasting powder etc	1,000.00
Helicopter support	700.00

Estimated cost \$ 6,700.00

Geological consultant

Evaluate, advise and prepare report, including transportation. maintenance, materials.

\$ 7,000.00

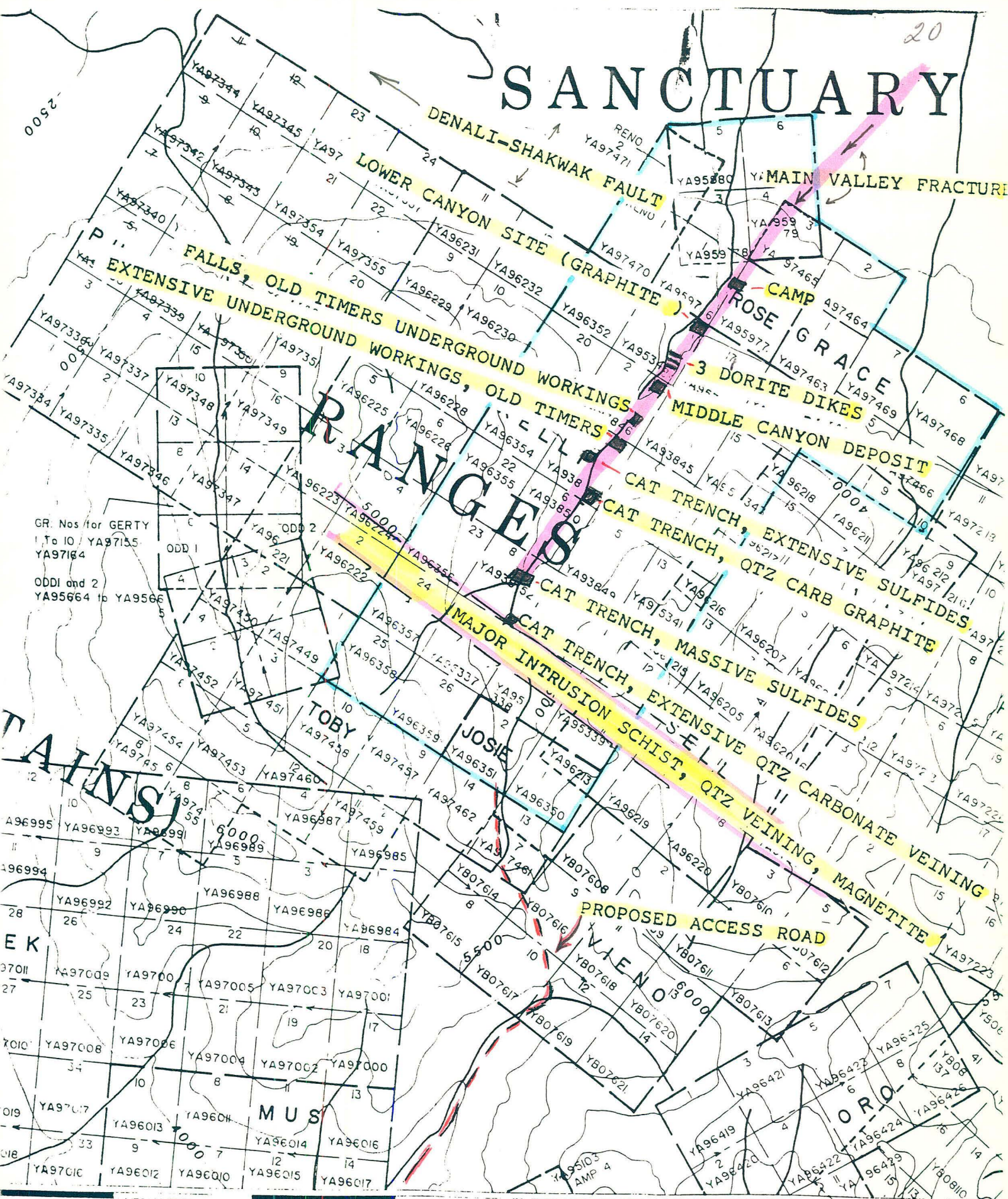
Sampling assays (most will be metallic sieve at \$ 27.00 per assay due to the free gold)

\$ 2,000.00

Total budget for 1990

\$ 44,920.00

SANCTUARY



GR. Nos for GERTY
1 to 10 YA97155
YA97164
ODDI and 2
YA95664 to YA9566

HISTORY THE KELLI PROPERTY

Old workings and miners cabins date miners on the tributary of Reed Creek during the years of 1904 to 1915. Extensive old workings, cabins and communication with old timers date a number of miners here from about 1930 to 1941. Harry Frome who has lived in the Yukon since the early 30's mined in the Kluane area on Squaw, Sheep and Arch Creeks from 1934 to 1941. Remembers the activity on this (Kelli) Creek during that time. He states: Two Swedes were the major mine owners on this creek, they mined open placer during the summer months and mined underground in the winter. Believe they came to the creek in 1929 or 30, left in 1941 or early 42. They hired four to six men for the summer months, but mined alone during the winter. He states: They worked hard for their gold, but must have been doing well as they were one of the few miners in the District who could afford to hire help. Food and other supplies were high priced. Wagon and pack horse transportation from Whitehorse to the mine was very costly. Each man hired, cost the miner about \$4.00 wages and \$4 - 5.00 maintenance per day.

During the war and the following 30 years the property lay unstaked except for one year in 1954. Locals sniped for nuggets whenever they were in the area, especially after heavy rains when some heavy nuggets could be found in the canyon. After learning of this L. Tremblay staked a number of placer claims on the creek and mined below the canyon in 1982 - 83. Then by option Dublin Gulsh mining systematically, mined the creek gravels up stream from below the canyon to the first right limit put above the canyon between 1984 - 87.

The creek was successfully mined these four years using D8 - D9 bulldozers, 966 -988 front end loaders, steel sluice box, etc. Depth to bedrock averaged 8 feet. By far the best values were obtained in areas directly down creek from where the Old Timers

had gone underground. Indicating feeder veins in at least four areas, possibly six. There also was a distinct difference in the composition of the quartz that was associated with the gold in each location. Over ²2000 oz. of gold was taken from this steep narrow canyon. About 97% was course, with nuggets 1 to 3 oz. very common. A large percentage of the gold is highly angular with a wiry texture ^{THAT} occurs as a foil partially wrapped around ^{p30} any ~~iron~~ quartz or quartz feldspar granules. One three and one quarter oz. nugget is concave with clay altered monzonite porphyry adhering to the inside. Platinum nuggets 1 to 4 grams and large native copper nuggets are common in the sluice box, along with unusually high concentrations of course magnetite and pyrrhotite.

GEOLOGY

The claims are located on the north flank of a southeast-trending mountain range which forms the southwest margin of the Shakwak Trench, a major physiographic feature which extends across southeast Yukon into Alaska.

Elevations range from 900 m (3000 feet) along the northeast edge of the claim block to 1980 m (6500 feet) in the southwest part of the project area. Vegetation cover varies from dense black spruce and willow forest at lower elevations to grasses, moss and black birch scrub interspersed with lichen-covered scree slopes at higher levels. Permafrost is continuous and the annual active zone retreat is less than one metre in vegetated areas.

Areas between 1100 m (3500 feet) and 1925 m (6500 feet) elevations were lightly glaciated by the Nisling Ice-Sheet. Marginal channel deposits from this glaciation form intermittent terraces at the 1675 m (5500 feet) elevation along the southwest edge of the claims. Very little lodgement till was deposited by this glacial event and only minor erosion was apparently carried out as sulphide mineralization on the Wellgreen property at similar elevations is oxidized up to 20 m depth from surface.

The project area is transected by northeast-flowing creeks spaced at relatively regular intervals. These were occupied by minor cirque glaciers of the younger Ruby Range Glaciation and have near vertical headwalls, steep talus slopes on both flanks and variably thick deposits of till, morainal material and reworked glacial deposits on their floors.

Regional bedrock geology shown on Figures 3 and 4 is taken from GSC Open File 381. Stratigraphy is summarized on Table II. The northwest edge of the Reed Creek area is bounded by the Shakwak Fault, a major structure which forms the inboard edge of the

Wrangellia Terrane. All presently known nickel-copper-PGE mineralization in southwest Yukon and adjacent British Columbia and Alaska occurs within 10 km of the Shakwak Fault. The project area is underlain by a layered sequence of sedimentary and volcanic rocks which form the northwest limb of a broad syncline. This sequence is modified by northwest- and northeast-trending faults with uncertain displacement. The oldest rocks exposed belong to the Pennsylvanian and Permian Station Creek Formation and include thin-bedded argillite, chloritic phyllite, carbonaceous limestone and andesite to basalt flows (Unit Psv). These are conformably overlain by buff limestone (Unit Psc) and classic sedimentary rocks (Unit Psp) of the Lower Permian Hasen Creek Formation. All are unconformably overlain by amygdaloidal andesite and basalt flows of the Upper Triassic Nikolai Group (Unit utrnv).

The Quill Creek Ultramafic complex is a 20 km long layered mafic-ultramafic sill that intrudes the upper part of the Station Creek Formation of the opposite southwest limb of the syncline. Nickel-copper-PGE mineralization the Wellgreen and adjacent properties is particularly associated with contact zones of the complex.

The Reed Creek area claims were staked to cover an aeromagnetic anomaly which coincides with the extrapolated stratigraphic position of the Quill Creek Ultramafic Complex. A high grade nickel-copper occurrence was discovered by a placer miner in 1986 and its location plots close to the stratigraphic position of the nearby ultramafic sill. Results of reconnaissance-scale prospecting and geological mapping demonstrate, however, that the aeromagnetic anomaly reflects distribution of metabasalts within the Station Creek Formation and not an unmapped ultramafic body. The high grade nickel-copper showing was relocated by prospectors in 1987 and it proved to be a large (1 by 2 m), well-rounded glacial float boulder of pyrrhotite-chalcopyrite mineralization

in a brecciated clinopyroxene-rich peridotite or wehrlite. A number of other specimens of glacially-derived ultramafic or gabbro float were also sampled from other drainages in the Reed Creek area.

Gold from the Reed Creek placer operation is unique for the district. Nuggets greater than one-half ounce are common and about 60 to 70% of the placer gold is angular or crystalline with white quartz-calcite or quartz carbonate graphite vein material adhering. Quartz-calcite vein float containing coarse visible gold has been recovered from the creek gravels along the entire 3 km length of the placer workings. The float is generally angular and pieces range from fist-sized to about a metre across. Minor chalcopyrite, pyrite and arsenopyrite occur in narrow bands within the vein material but assays of sulphide-rich sections generally return values less than 0.2 oz/ton gold. P30

Despite a concerted effort during 1987 by the owners of the quartz and placer claims covering the drainage, no bedrock source was located for the gold-bearing float. Geochemical sampling has been carried out and apparently returns discontinuous moderate-strength anomalies (60 to 350 ppb Au in soils) along the lower valley slopes by these do not appear to continue up the valley walls. Source of the mineralized float in the creek gravels is from veins which parallel the creek in the valley bottom. A sulphide-rich quartz-carbonate vein occurs along the edge of a felsic dyke intruding metabasalts near the upper limit of placer workings, of this material for gold are encouraging .

EXPLORATION PRE 1989

The owners recognized that due to the nature of the gold found in the placer, the source would have to be near. It was also evident that there was more than one source along the mile of creek gravels that was placered. As the placer operation moved up creek the gold would become more angular, larger nuggets, a larger percentage of gangue adhering to the gold and the values would increase. At certain points values would drop off and as we moved on the same condition would apply for the next section. Thus we now know of at least four distinct potential source areas and the real possibility of five. Placer testing has proven there are more above where the placer operation ended.

Due to lack of sound geological knowledge combined with a successful placer operation, a planned exploration was not initiated until 1986⁷ and then only on a very limited basis. Where as we had some option offers during past years we were not in favour of any agreement that would interfere with placer operation.

Recognizing that a in depth exploration could develop at a later date. A strip of bed rock was left exposed in the creek bottom as the placer operation moved up creek, all tailings were stacked along the north^{WEST} wall of the canyon, leaving a strip of bed rock ten to twenty feet wide exposed for about 1 1/2 miles up creek. PAGE 21

1986-87 considerable trenching was carried out in the upper valley to check placer values and for potential hard rock gold. Numerous rock samples were taken and some creditable returns were obtained, six ranged from .1 to .6, most were from .002 to .09 (all oz/t) many of the best were from quartz veining in chlorite schist. No doubt the lack of knowledge of where and how to sample dictated some of the returns, we had found the leaders but failed to follow up. Three cat trenches in the upper valley are

of special interest, two revealed extensive sulfides, the other of large area of quartz carbonate graphite very similar to the exposure in the lower canyon. Other trenches revealed big quartz veins in excess of six feet wide, one a large calcite vein cutting through limestone. All revealed evidence of medium to extensive alteration. p 22

The summer of 1987 rough float gold was discovered in eluvium in three areas along the east wall of the canyon. A monitor was used to wash overburden and expose bedrock. Overburden averaged four feet covered by a thick layer of moss and alder, an area of perma frost. Limited exposure in the two areas revealed a large clay like alteration paralling the creek.

R. Rogers, Chief Geologist, Noranda prospected the area in 1982-83. Recommended we stake when Noranda did not. Of considerable interest to him was the moderate to high soil samples and especially a large intrusion cross cutting the upper valley averaging over four hundred feet wide as indicated on the mag. Limited hand trenching carried out in 1988 indicate that part of this intrusion is massive quartz carbonate veining and silicified quartz schist. Surface assays: Schist .02 - .07, Qtz: .009 - .05, chunks of magnetite float up to ten lbs. are found direct down creek and on the lower portion of this intrusion.

Soil and silt samples have also been taken by:

Hudsons Bay, Chief Geologist, G. Bidwell.

All North

The property owners

Most samples ranged from 30 to 400 ppb. Four others 1210, 1460, 2680, 2300.

1988 OPTION

In 1988 the property was optioned to a group from the Vancouver area. A geologist and one technician spent a month on the property mapping, prospecting, sampling, etc. Problems within their organization developed early in the summer and they failed to meet even the basic requirements of the option.

While the owners paid most of the bills for this failure, we never received any of the information that was gathered, plus we lost all the information we had gathered previous to the option. No information was ever returned.

Sob stories galore!

As per the agreement a number of trenches were reopened in the upper valley to allow sampling, results unknown.

Late in the fall after we become aware that the option had failed, we were able to open up a small exposure of the quartz carbonate graphite in the lower canyon, two grab samples over six feet assayed 5.257 and 7.421 oz/t. P29

The creek had always produced a large amount of pyrite (sulfides) one sample washed and screened to plus 40 mesh was sent for assay, result 99.235 oz/t.

1989 EXPLORATION

The plan was to spend about equal time on the placer operation and the hard rock exploration, utilizing the same equipment and manpower.

Exploration would be concentrated on the canyon wall to follow up on findings of 1988. The major objective was to identify the type and potential of the deposit.

Due to abnormal icing conditions, equipment could not be utilized in the canyon until the second week of July. Had we chosen to do so, blasting of the ice would have advanced access by a month.

Using a one and one half inch monitor powered by a six inch pump, large sections of the wall was washed in two areas, the lower and middle canyon where there was extensive workings by the Old Timers. Washing was carried out as time allowed and natural thawing of the perma-frost. p 20

By the end of August an area of approx. 100 feet wide X 70 feet high had been cleaned to bed rock in the middle canyon. This exposed a large highly altered zone of clays, breccia, quartz stockworks, etc. Paralleling the creek approximately seventy verticle feet above the creek on the canyon wall. Two verticle similar alteration zones began at the horizontal zone and continues some distance up the canyon wall, whereas the horizontal zone is from two to six feet wide, the verticle zones appear to exceed twelve feet in width and one could be much larger. 2 3
2 5

This is an area of greenstone and green chlorite schist, numerous porphyry dikes and some andesite dikes. The alteration is a later stage as all dikes have been altered within the contact zone. There is extensive quartz carbonate veining, minor

graphite. Numerous sulfide lens and small veins, some copper, clay zones, one three foot wide vein of quartz schist assayed .546 au, 6.39 ag oz/t. Free gold was washed by panning from some of the clays and highly alternated breccia/schist zones, one nugget over five grams. Two ~~hydro~~-thermal flues have been identified. By far the richest placer ground was below and shortly down creek from this zone, most ~~of~~^{of} the gold was highly angular, the gangue adhering to the nuggets is similar to the alteration zone, seventy five percent of the gold averaged over one half oz., the largest three and one half.

23
24

LOWER CANYON (GRAPHITE HILL) PAGES 26-31

Work progressed slowly in this area as approx. 20 feet of the Old Timers tailing had to be removed to expose the bed rock, all frozen ground, this required the use of a D8 cat, large hoe. Monitoring and drilling and blasting.

A very complex zone was uncovered, generally recognized as mostly quartz carbonate with extensive graphite, large areas of ~~hydro~~thermal brecciation, clays.

27
28
29

Paralleling the creek is a ninety two foot long alteration zone (drawing att.) consisting of a clay type alteration, bleached white in some area, others black or white/black banded. Three vents are spaced along this alteration, one on each end and the other near centre. The alteration averages about three feet wide, the vents to eight feet. Numerous veins of breccia appears to originate from these vents, narrow where they curl out from the vent and becoming much wider immediately after leaving the vent.

28

Considerable alteration is evident on the west side of the zone, but generally the veining structure is fairly consistent, quartz carbonate veining, schists, banded graphite, altered phorpyry

dikes.

Extreme alteration has taken place on the east side of the zone, this extends the full length of the altered zone and ~~there~~^{is} evidence it continues up creek where it has not been exposed yet. General classification for the total area is quartz carbonate graphite veining. Possibly thirty percent is brecciated, ranging from a dense matrix to a non-matrix breccia. At the present time it is difficult to identify individual breccia veins, but in places they appear to be in excess of eight feet. There is many area of graphite layering, numerous evidence of shearing. A number of the breccia has been altered and realtered a number of times. Number of clay zones. Stock work veining throughout. The northern portion of this system trends eastward under a massive porphyry dike, to date it appears that the base of this dike has been completely altered consistent with the southern portion.

At the southern most section of this zone a massive verticle clay alteration zone approx. twenty feet wide extends up the canyon ²⁶ wall, appearing to originate approx. 30 verticle feet above the canyon floor where the vent is. It is also at this point above the valley floor that gold values become almost non existent, from this point down to the floor free gold to three grams has been panned from the extremely altered breccia clay veins. Assay results from above are poor, but some excellent results have been obtained from below this point, i.e. grab samples of 5.257 and 7.421 oz/t gold. Three course chip type samples resulted in: two feet - .002, two and one half feet section - 5.078, four foot ²⁹ vein - 13.148. Frozen material was a problem when investigating this vein system as it was late in the fall and little or no thawing took place during the day.

While the 1989 season exploration program was limited due to the placer operation, late spring and the lack of sound geological

knowledge, we view it as a very successful season. It provided us with the necessary key factors, combined with past exploration strongly supports the following:

Identified as mesozoic/~~hydro~~ thermal.

A major fracture system closely follows the valley floor for at least two miles, associated with this fracture are:

- A number of fairly massive quartz veins and at least one big cla^site vein, numerous areas of stockwork quartz veining.
- Two known and a probable third area of massive quartz carbonate graphite veining.
- Number of large dⁱorite dikes, andesite dikes.
- Large areas of extensive alteration, solid evidence that this pattern of alteration is continuous most of the two miles.
- At least two areas of large sulfide beds, leaching indicate fairly extensive and possibly more than two.
- Silicified schist (QTZ) with acceptable values.
- Bonanza type free gold in two areas, strong evidence of at least three more areas, indicators point to more.
- Copper, silver, mercury, arsenic, zinc, cobalt, nickel, iron.

Placer recovery identifies a number of areas that possibly supplied gold to the creek.

Geology is favourable, volcanics with lime stone intrusions, situated in the greestone belt, andesite and porphyry dikes.

Large intrusion at head of valley is a very favourable factor, most thermal systems appear to be associated with a major mineralized intrusion.

The Shakwak Fault now appears to be far larger and dominate then suspected, placer operating below the canyon show major alteration geologists credit to the Shakwak, this is two miles from what ^{was} ~~is~~ considered the centre. This area of the fault has been subjected to intense heat, almost no solid rock remains.

The owners have invested about \$300,000 in this hardrock show. As of this date we do not wish to continue investing our placer profits to further exploration. Big mining concerns are interested, ~~but as we wish to remain involved for at least one more year, outside investment is required.~~

The identification of the model, type of deposit and the associated factors have provided us with a good understanding of what we have overlooked in past exploration. We now know that we can quickly expand the present discoveries with a minimum of manpower and dollars compared to other ventures of this nature. Not only will we increase the value of the property, there is a strong drive personally to carry the program on to a higher degree.



Placer tailings and camp below canyon

Alaska highway located at white buildings in far background



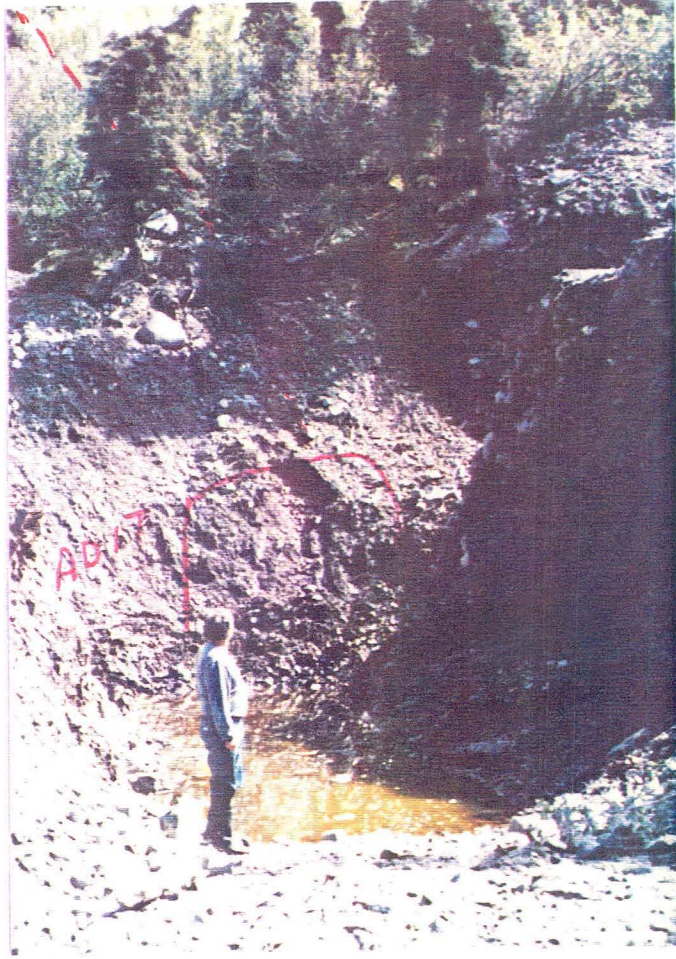
Over one mile of exposed bedrock and access road up canyon and upper valley



Qtz carbonate block from major qtz vein that appears to be the main component of the main valley fracture in this section



1



3



2

UPPER
VALLEY

- # 1. Massive sulfides, intense alteration, 100'L X 20'W.
- # 2. Qtz. carbonate graphite veining, 80'L X 18'W. extensive brecciation, qtz. stockwork veining, sulfides.
- # 3. Extensive Old Timers workings, valley fracture below water in foreground, Over 100 ft of slumping identifies underground tunneling along vein system

1



2



23



MIDDLE CANYON

1

East wall of canyon, 90 ft exposure of thermal fracture/shear system

#2

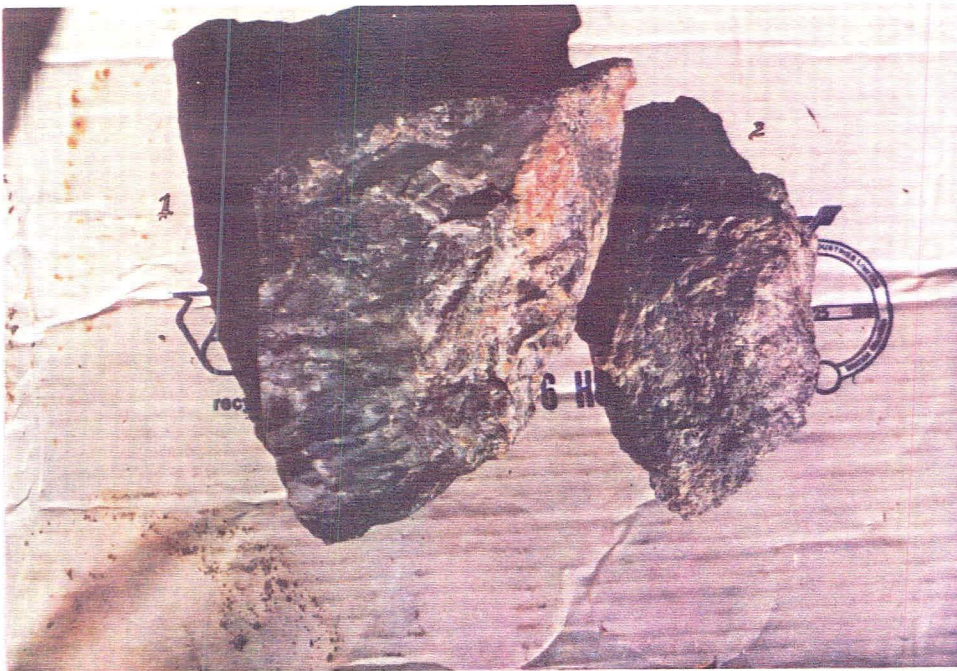
Thermal vents #s 1 -2, 70 ft fracture line between to 4 ft wide, extensive brecciation, clay alteration, qtz veining, 3 indicates qtz schist 3 ft w vein assay .546 au - 6.39 ag oz/t. alteration color ranges from white to green,

#3

Large area directly below #2 vent, shearing, folding, qtz veining, discoloration,

3

MIDDLE CANYON



1+ extremely hard metri
qtz carbonate breccia
veins to 3 ft wide

2- fine grained brecci
cemented with a clay
like material (clay
altered monzonite)
identified as quartz
carbonate weathers
quickly, produces
free gold to nugget
size



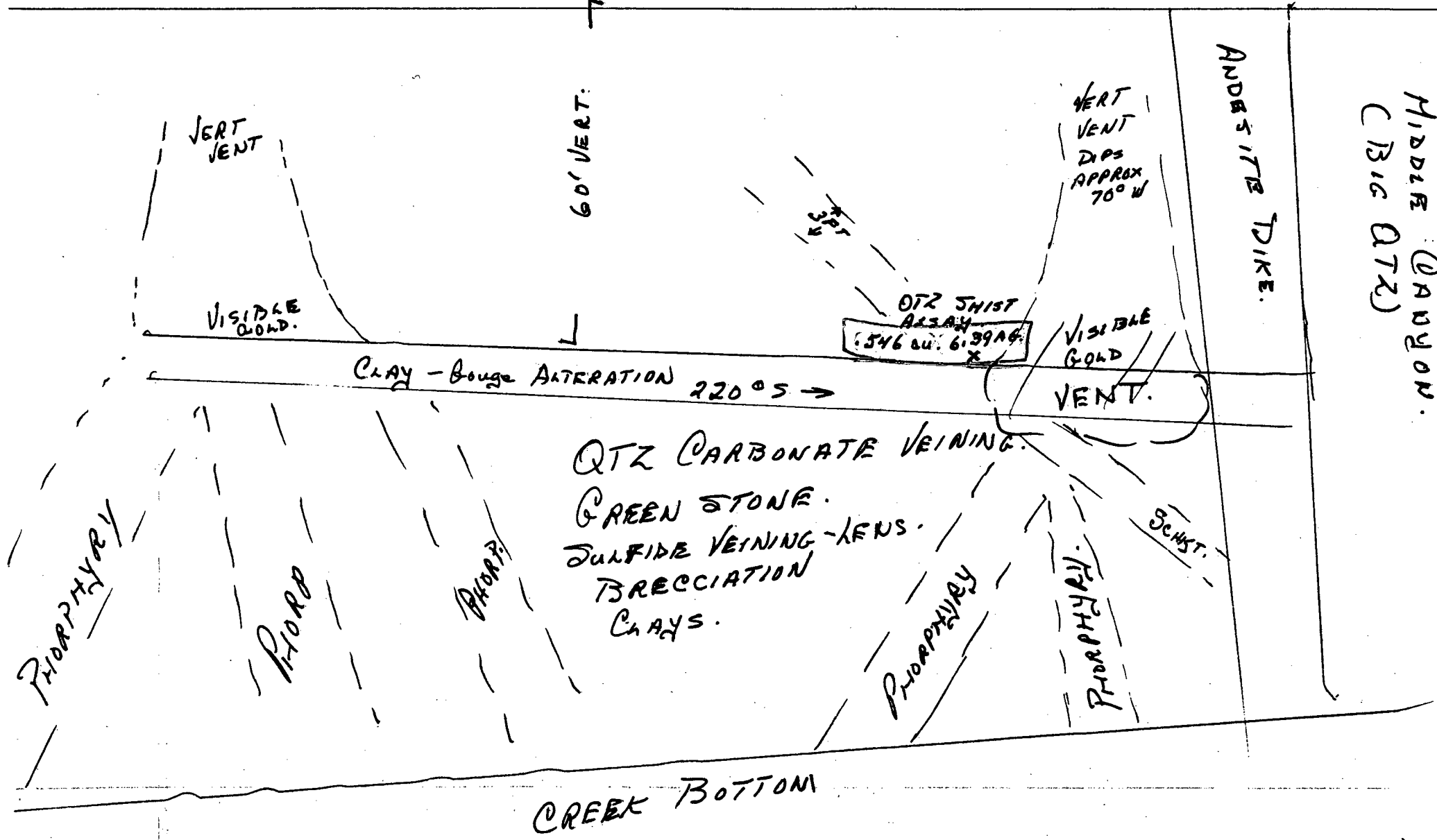
1- breccia veining
altered a number of
times, vein widths
to 3 ft.

2- extremely altered
graphite/quartz
breccia from lower
canyon



altered silicified
qtz green schist
with brecciation
near flue. assays
.546 au - 6.39 ag
oz/t over 3 ft.W.

AA BULK QTZ VEIN. DIPPING APPROX 70°
80+ FEET WIDE. 4-8' THICK.



VERT VENT

60' VERT.

VERT VENT
DIPS
APPROX
70° W

VISIBLE
GOLD.

QTZ SHIST
ASSAY
546 G. 6.39 AG.

VISIBLE
GOLD
VENT.

CLAY - BOUGE ALTERATION 220° S →

QTZ CARBONATE VEINING.
GREEN STONE.
SULFIDE VEINING - LENS.
BRECCIATION
CHAYS.

PHOSPHORY

PHOSPH.

PHOSPH.

PHOSPHORY

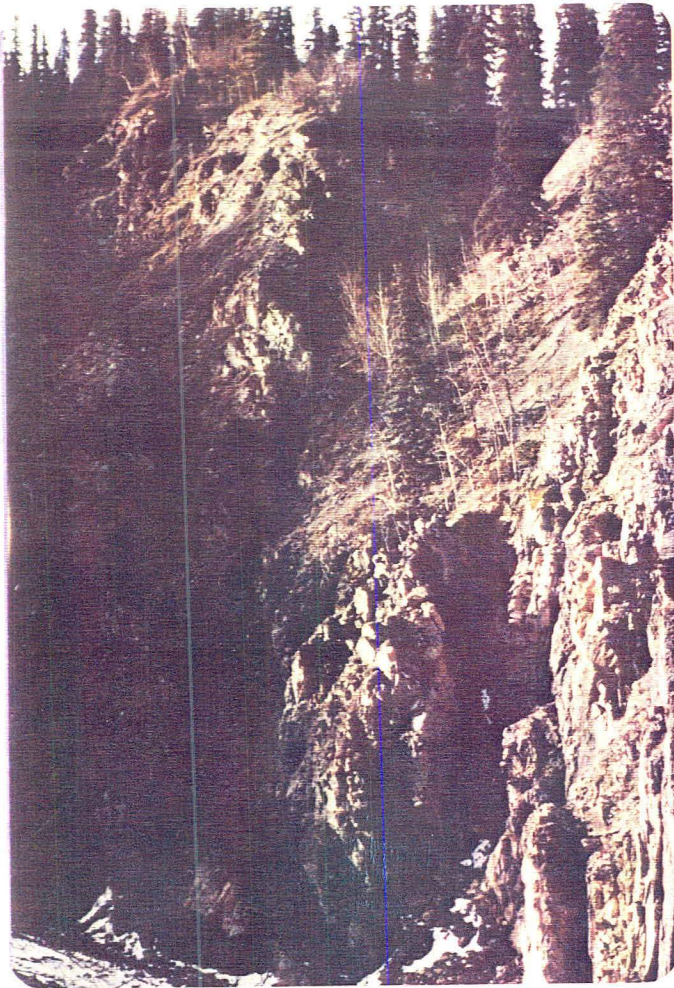
PHOSPHORY

SCHIST.

CREEK BOTTOM

ANDERITE DIKE.

MIDDLE GARDON.
(BIG QTZ)



1



2

LOWER CANYON

1- Phorphyry dikes directly across from large qtz carbonate thermal system, (next photos)

2 - 3 hydroththermal flue rising near verticle on canyon wall above zone of qtz carbonate vein system approx. 20 ft wide exposed over 60 ft high



3

LOWER CANYON
(graphite hill)



20'WX10'H exposure of hydrothermal qtz carbonate graphite vein system, shearing folding adjacent to large vertical thermal flue



Similar as above, qtz graphite breccia vein highly altered on right of photo contains free gold to 2 gram size. Indications are that comprehensive investigation of this vein system should prove additional values.



1- phorphyry altered to qtz carbonate, indications are that most porphyry dikes in the valley has undergone such alteration when contacting the valley fracture, also this alteration continues considerable distance from the contact.

2- breccia from the qtz carbonate zone, graphite, minor copper,

LOWER CANYON



Altered base of large porphyry dike. note veining continues under the dike. thermal flue centered just beyond lower left corner of photo (#1 flue) extensive brecciation, graphite, qtz stockwork veining, clays



Thermal altered zone paralleling base of canyon wall, photo covers approx 60 ft. #2 flue lower right hand corner, #3 far end of alteration



Veining continues under porphyry dike which completely alters the porphyry, #2 flue directly right of lower right corner. free gold panned from both graphite breccia veins separated by a narrow band of schist like material



1



2

LOWER CANYON

Quartz carbonate graphite veining
 3 photos cover approx, 30 ft.
 assays of 5.078 and 13.148 were
 obtained from extremely brecciated
 area (lower left) in photo #1.
 course chip samples over about
 8 ft. Course free gold was
 obtained from a number of areas
 across the face. squared off
 face measures 6 ft high in #1
 to 11 ft at right in #3
 Thermal flue located bottom of
 photo #3 (#3 flue)

Grab samples collected late 1988
 were obtained from area top of
 photo #2, assayed 5.257 - 7.421
 oz/t

NOTE a large percentage of the
 breccia veins are extremely
 altered indicating that the
 thermal action was active a
 number of times.
 Whereas free gold was obtained
 from the breccia zones on the
 right of the face, proper assaying
 was not carried out as on the left.



3

LOWER CANYON



qtz carbonate graphit
veining, radical
flow pattern created
by hydrothermal
action



black/grey quartz
carbonate banding,
extreme folding of
the banded rock and
what appears to be
altered porphyry



breccia from various
veins across the
exposed face, a large
percentage of the
breccia veins are
highly altered, in
many areas almost clay
like.

veins of graphite
exceeding 4 ins. are
not uncommon.

VERTICALE
VENT. ALTERATION
DIPS APPROX
70°W.

LOWER CANYON DEPOSIT.
(GRAPHITE HILL)

VERT VENT. 20'W x 60'H

30 VERTICALE FT

QTR. CARBONATE GRAPHITE.
EXTENSIVE FACCIATION

5.078 19.148
L 2 1/2' L 4'

220° S
GRAB SAMPLES
X X
5.257 7.421

PORPHYRY DIKE.

220° S →

3 1/2°

ALTERATION ZONE

VENTS

L 46'

L 46'

CREEK CREEK

27 1/2°

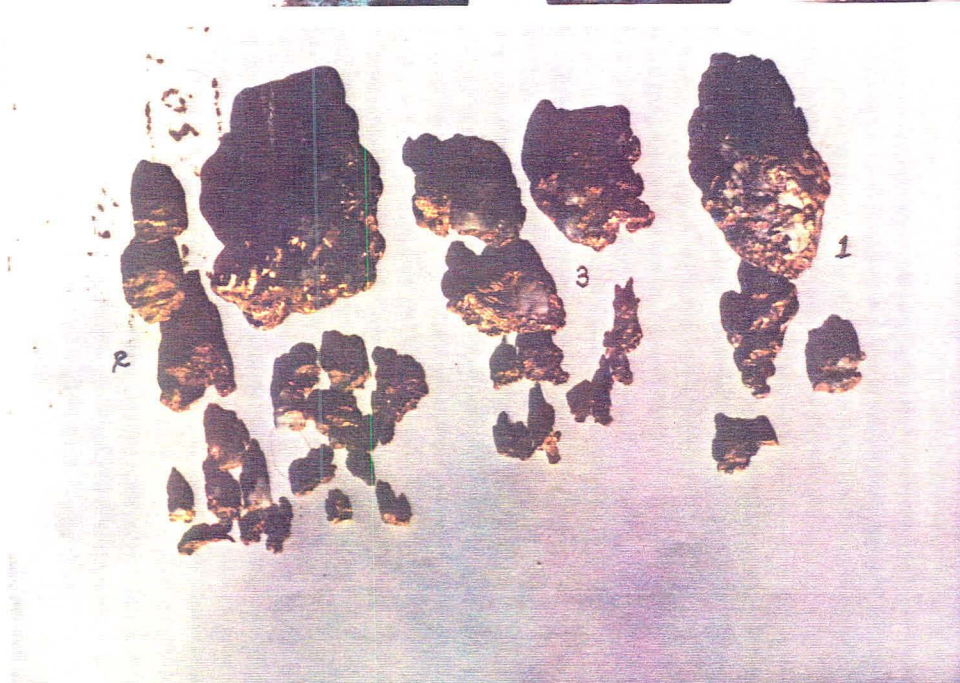
VENINGS - 2 1/2°



- 1- Float material welded together by zinc, collected in old timers workings above canyon
 2- copper stained sample collected from d'orite dike in canyon
 3- qtz veining, 60% sulfidism mostly pyrite, collected from veins to 3 ft wide in upper valley.



- 1- Native copper nugget 4lbs, small one came from graphite breccia in lower canyon
 2- shearing, qtz carb sulfide vein in middle canyon
 3- Copper from vein/sill in upper valley



- 1- From placer above canyon, calcite, qtz carbonate.

2- Nuggets from lower canyon deposit, largest 2½ oz. gangue is qtz carb. graphite, most small pieces came from extremely altered breccia.

3- From deposit in middle canyon. gangue clay altered monzonite qtz carbonite, and qtz feldspar granules largest 2 oz. note calcite crystals adhering to nugget obtained from alteration area, small nuggets obtained from altered clay breccia

Hud Bay '86

P25611

X SOIL SAMPLES.
X GOLD 100
X PLATINUM P 50

⊗ ROCK SAMPLES



CAMP

5.078
13.148
5.257
7.421

546.04
6.3729

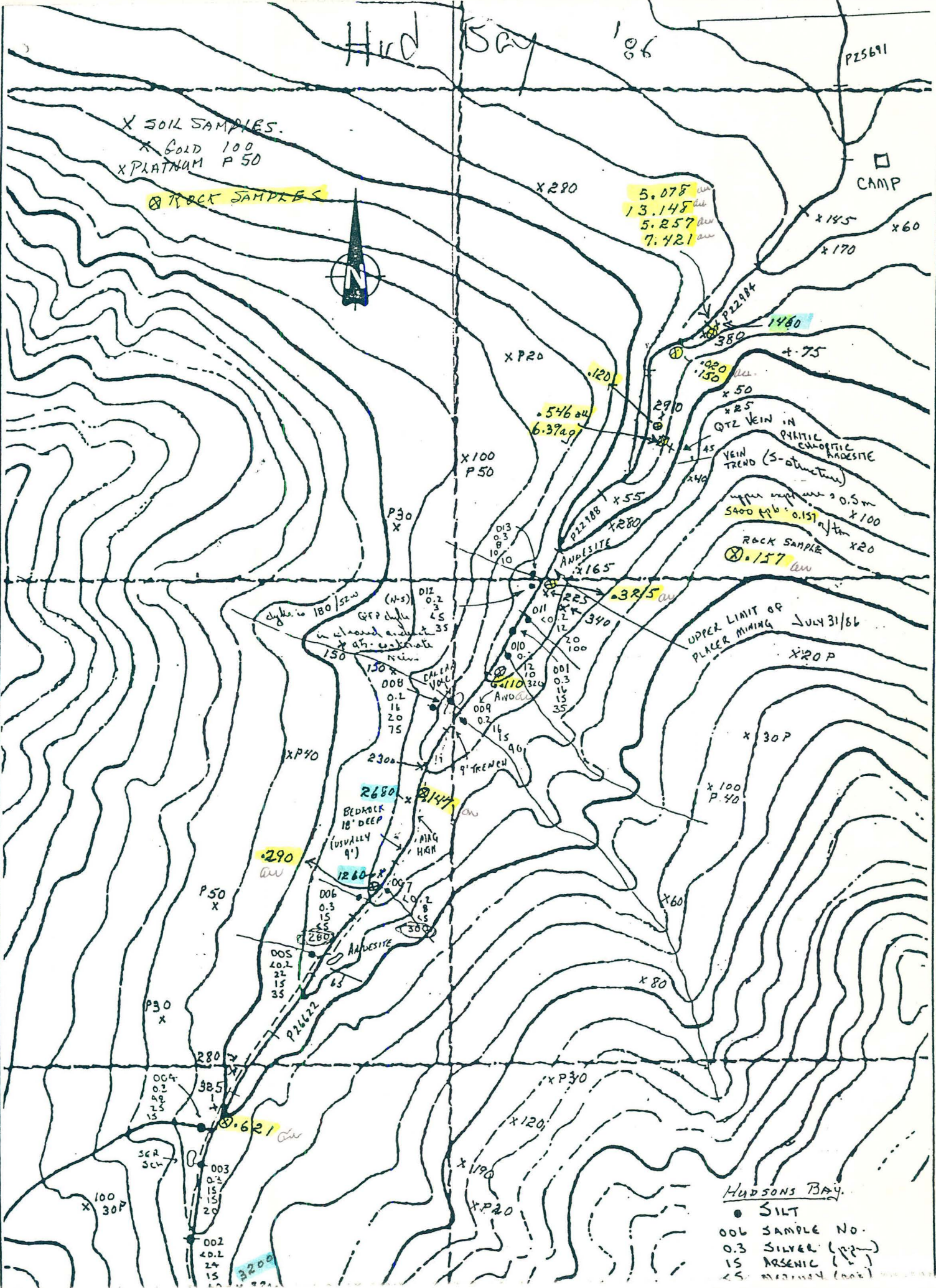
0.157
0.157

dyke is 180/52w
(N-S) D12 0.2
GFP dyke
in channel and at 35
at 45' carbonate
min.

UPPER LIMIT OF
PLACER MINING JULY 31/86

2680
BEDROCK
18" DEEP
(USUALLY
9')

HUDSONS BAY
● SILT
006 SAMPLE No.
0.3 SILVER (ppm)
15 ARSENIC (ppm)
45 MERCURY (ppm)





REF: V89-00069.4

PROJECT: KELLI

PAGE 1

SAMPLE NUMBER	ELEMENT UNITS	WT G	WT-130 G	WT+150 G	AU-150 OPT	AU+150 OPT	AU+150 MG	AU TOT OPT	AU OPT
---------------	---------------	------	----------	----------	------------	------------	-----------	------------	--------

R2 KKL-19		29.17	245.2	23.97	0.267	56.30	46.270	5.257	
R2 KKL-22		29.17	207.8	23.57	0.415	69.14	55.922	7.421	
L2 KKL-31								99.235	

Pyrite + #0 Mesh

LOWER CANYON GRAB SAMPLES

Bondar-Clegg & Company Ltd.
 130 Pemberton Ave.
 North Vancouver, B.C.
 V7P 2R5
 (604) 985-0681 Telex 04-352667



Certificate
 of Analysis

DATE PRINTED: 14-NOV-89

REPORT: V89-07946.4

PROJECT: KELLI

PAGE 1

SAMPLE NUMBER	ELEMENT UNITS	Au OPT	Ag OPT	WT G	WT-150 G	WT+150 G	Au-150 OPT	Au+150 OPT	Au+150 MG	Au TOT OPT
R2 KKL-BQ-32		0.006	<0.02							
R2 KKL-GH-51				29.17	322.1	6.63	0.002	<0.01	0.002	0.002
R2 KKL-GH-52				29.17	290.3	8.26	0.840#	154.01	43.617	5.078
R2 KKL-GH-53				29.17	308.4	7.39	5.031#	351.90	89.164	13.148

*LOWER
 HIDE CANYON*

August 31, 1989

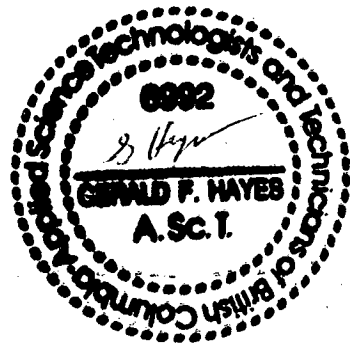
Larry Tremblay
 Reed Creek Placers
 Haines Jct., Yukon

ASSAY CERTIFICATE FOR SAMPLES PROVIDED

WORK ORDER # 29155

Sample	oz/t Au	oz/t Ag
KKL-BQ-22	0.546	6.39
KKL-BQ-23	<0.002	
KKL-BQ-24	0.006	
KKL-BQ-25	0.012	
KKL-BQ-26	<0.002	

MIDDLE CANYON.
 Qtz SCHIST

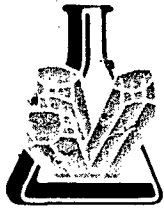


INVOICE FOR ANALYTICAL SERVICES

Sample Preparation	5 x \$ 3.75	=	\$ 18.75
Au 1AT Fire Assay/Grav	5 x \$ 9.75	=	\$ 48.75
Total due on receipt of invoice			\$ 67.50

Thank you for using Northern Analytical Laboratories Ltd.

PAID



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• EN
LABORATORIES LTD.**

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33 EAST IROQUOIS ROAD
P.O. BOX 867
TIMMINS, ONTARIO CANADA P4N 7G7
TELEPHONE: (705) 264-9996

Certificate of GEOCHEM

Company: VANGUARD CONSULTANTS
Project: KELLY
Attention: D. COFFIN

File: 8-1122/P1
Date: AUG 19/88
Type: ROCK GEOCHEM

We hereby certify the following results for samples submitted.

Sample Number	AU-WET PPB	HG PPB
27/07#2	1200	
27/07#3	35	
27/07#4	60	
28/07#1	4000	
28/07#5	20	

MIDDLE CANYON.
QZS CARB SULFIDE VEINING

29/07#1	10	35
29/07#2	10	45
29/07#3	10	10
29/07#4	20	
29/07#5	50	

29/07#6	10	
30/07#1	5	
30/07#2	5	
30/07#3	5	

VIEND ZN

ZINC

1100

2.631 % Zn

Certified by

MIN-EN LABORATORIES LTD.



Chemex Labs Ltd.

Analytical Chemists • Geochemists • Registered Assayers

212 BROOKSBANK AVE., NORTH VANCOUVER,
BRITISH COLUMBIA, CANADA V7J-2C1

PHONE (604) 984-0221

To: REED CREEK PLACERS

BOX 5389
HAINES JUNCTION, YUKON
Y0B 1L0

Project: KELLI CREEK

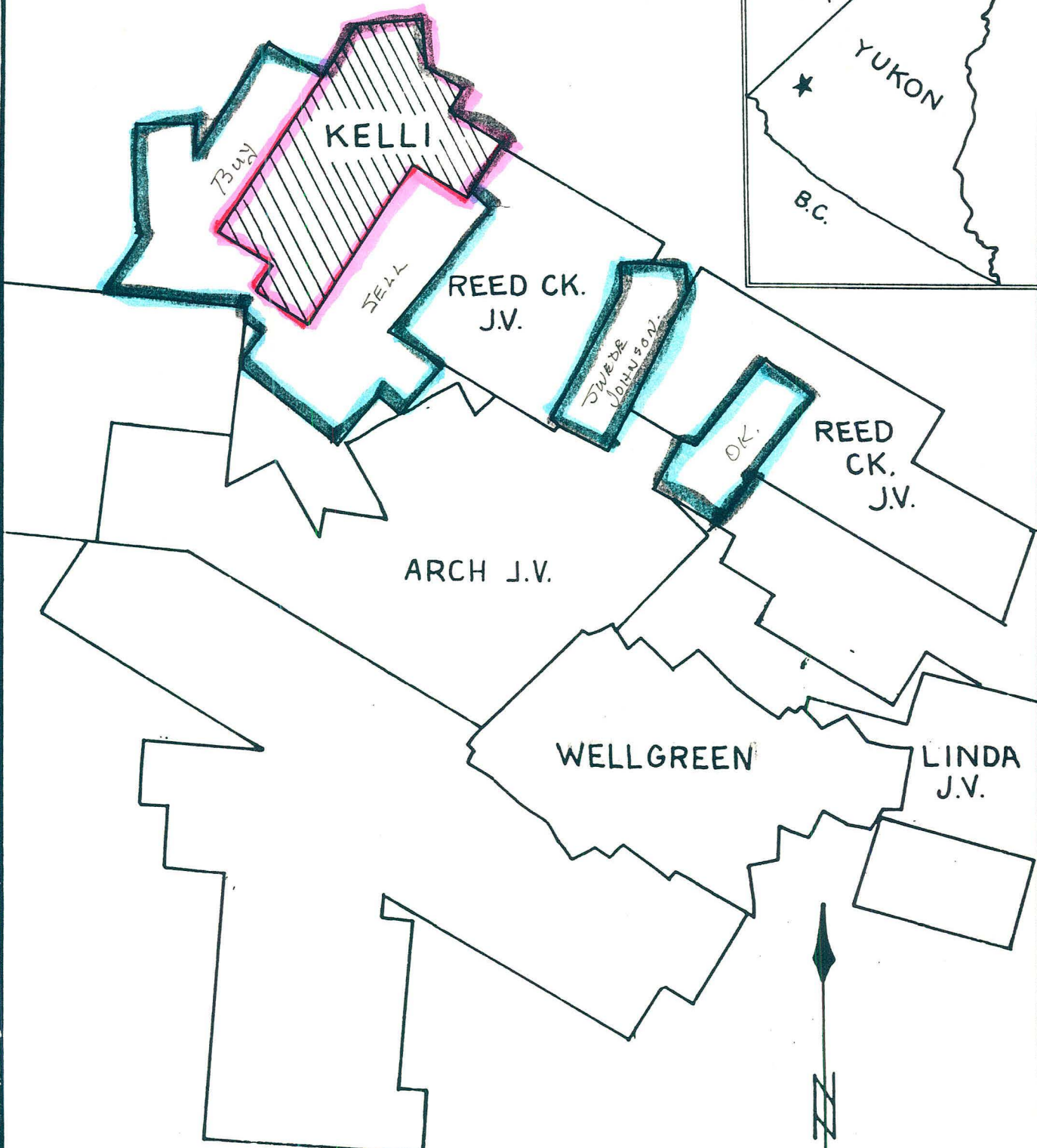
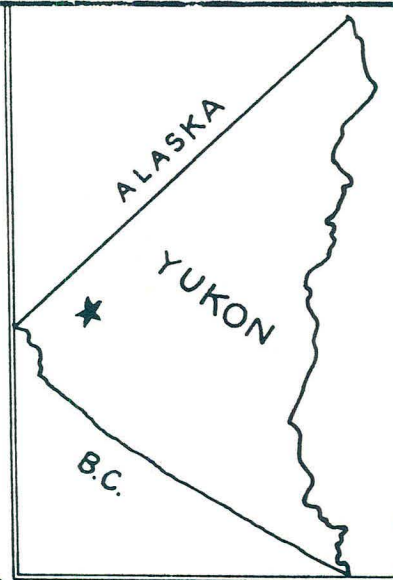
Comments: CC: LARRY TREMBLAY

Page No. : 1
Tot. Pages: 1
Date : 2-NOV-88
Invoice # : I-8826411
P.O. # : NONE

CERTIFICATE OF ANALYSIS A8826411

SAMPLE DESCRIPTION	PREP CODE	Au FA oz/T									
KKL-01	207 ---	< 0.002									
KKL-10	207 ---	0.020									
KKL-11	207 ---	0.130									
KKL-12	207 ---	< 0.002									
KKL-13	207 ---	0.002	LOWER CANYON OX CARB - ALTERED PROPPANT DIKE								
KKL-14	207 ---	< 0.002									
KKL-15	207 ---	< 0.002									
KKL-17	207 ---	< 0.002									

PROPERTY LOCATION



KELLI
PRIVATE
HOLDINGS.



REMAINDER.

RAHACTIC PRES.
SILVER QUEST.
ALL NORTH.
2001 PRES. PARMAN.



SANCTUARY

RANGES

KLUANE

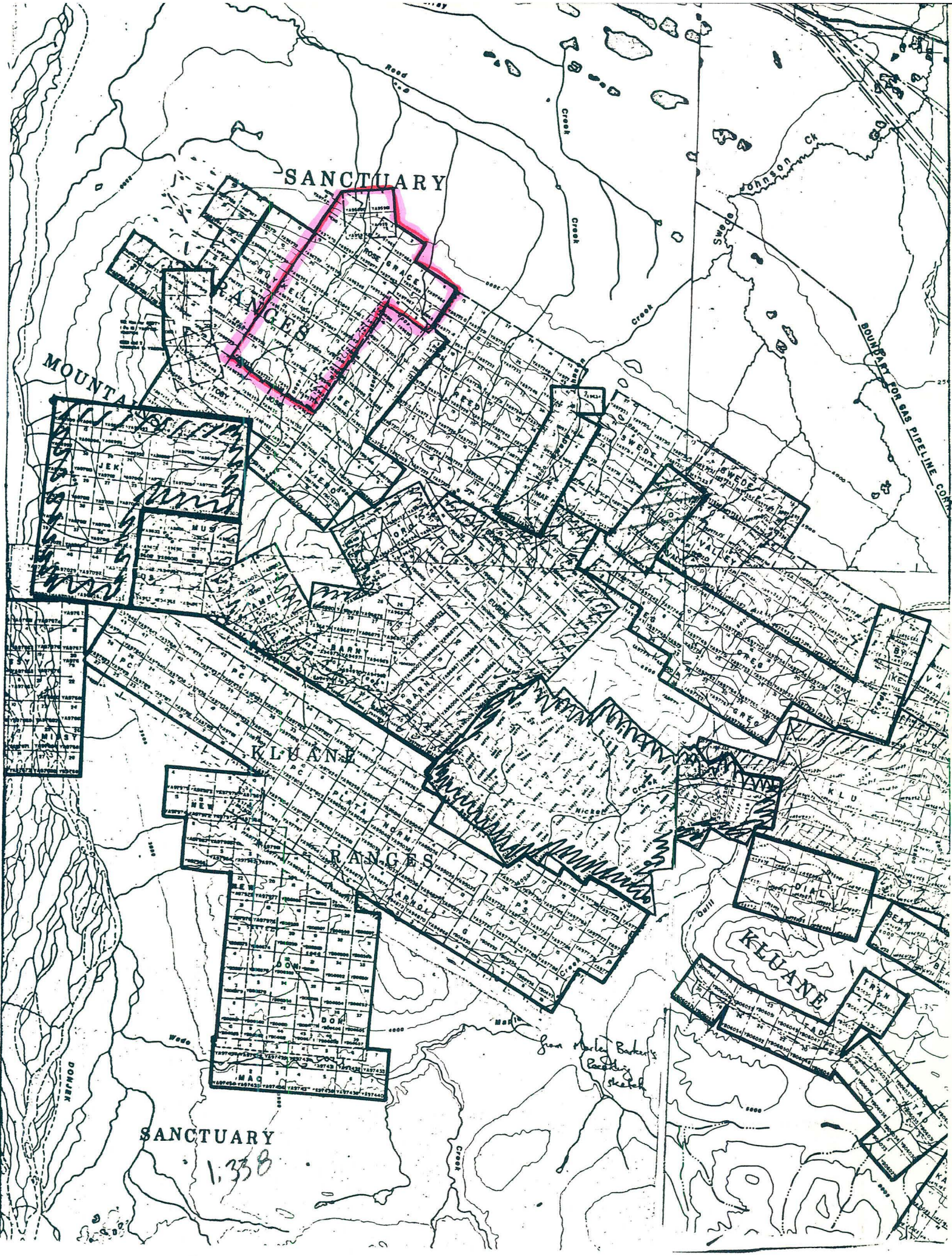
RANGES

KLUANE

SANCTUARY

1.338

San Maria Bartens
Ranch sketch





MAJESTY THE QUEEN IN RIGHT OF CANADA, DEPARTMENT OF ENERGY, MINES AND RESOURCES

#4

KELLI 
GREENWELL  WELGREEN

Corp explored boundary faults Skukum mine al mapping, ics. Four new alization were e Watusi vein, in 200 m long ed with values 9.7 ppm silver rillholes tested iously known ins.

e Mt Skukum il Consultants erty for Nor- the adjoining otal Energold quartz-sulphide es are localiz- west-trending n 1989 includ- s on both pro- id mapping of ton property. n vein in the gold and 59.4 0.48 m and a

l reported the sting on the vein at their

Macauley Creek property. Chip samples taken across the 1.8 m vein at four places averaged 3120.2 g/t silver and 6.0 g/t gold. Preliminary flotation tests gave recoveries of 95% of the silver and 90% of the gold from a lead-zinc concentrate.

On the south flank of Pugh Peak, Graham Davidson discovered several epithermal arsenopyrite-fluorite-quartz veins up to 2 m wide associated with a small rhyolite stock.

Following an extensive geochemical sampling program, **United Keno Hill Mines Ltd** drilled two large anomalies on the Joe Petty property on Montana Mountain, where gold and silver occur in a brecciated quartz vein cutting bleached and altered volcanic rocks. Narrow bands containing 25 to 30 per cent tetrahedrite were encountered near the vein margin. Drilling was abandoned when a violent windstorm demolished the camp.

Northeast of Whitehorse, geological mapping was carried out on Larry Carlyle's Mt. Byng property, where gold and copper occur in brecciated quartz-carbonate veins associated with wide rhyolite dykes and small stocks cutting older intermediate to mafic intrusive and volcanic rocks. Grab samples of the vein material have returned values as high as 68.6 g/t gold.

Near Squanga Lake south of

Whitehorse, **Dunvegan Explorations Ltd** explored the Tog property, where visible gold occurs with graphite, galena, sphalerite and chalcopyrite in a 1.2 - 3.7 m wide grey quartz-sulphide vein along the faulted contact between ultramafic and metavolcanic rocks of the Cache Creek Group. Visible gold occurs sporadically over a 9.1-m strike length, adjacent to shears bounding the quartz vein. The shears are believed to be conjugate fractures in a north-trending zone of extension along a major strike slip fault.

At Reed Creek in the Kluane Range, Reed Creek Placers exposed a large zone of quartz-carbonate-graphite associated with a large feldspar porphyry dyke. The alteration is similar to the gangue adhering to coarse gold nuggets found in the canyon and returns sporadic assays.

Similar mineralization could occur on the **Nathan Minerals Ltd** Glen property on the Burwash uplands, where 600 m of diamond drilling is in progress, following extensive geophysical surveys. Near Haines Junction, **Harjay Exploration Ltd** obtained more than 17.1 g/t gold from a sample of quartz vein material cutting a gabbro sill on the Colton claims.

In the Ruby Range, **United Keno Hill Mines Ltd** soil sampled and mapped three claim blocks which comprise the Ruby property. Anomalous gold and arsenic values are associated with scorodite-stained breccia along a north-striking thrust fault.

In the Rancheria area, **Oropex Minerals Inc** trenched and sampled on the Matthew property where a small high-level rhyolite intrudes Lower Cambrian phyllite and dolomite. The intrusion is cut by an east-trending fault zone containing one metre of brecciated rhyolite and quartz vein material with a silicified rock-flour matrix assaying up to 6 g/t gold.

Trevor Bremner is a staff geologist with the Geology Section, Northern Affairs Program, Whitehorse.

CULATION DRILL

Off Road Buggy Drill
Mineral Sampling to 800 ft
Easily Transportable
Angle Drilling in Three Directions
Sullair 600 cfm @ 350 psi Compressor
Enviromentally Sensitive

**Canada Tungsten
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