YUKON TERRITORIAL GOVERNMENT
EXPLORATION INCENTIVES PROGRAM
PROJECT #93 - 034

PLACER EXPLORATION ON FORTYMILE RIVER

April 1 - June 15, 1993

DREDGING LEASE 83/4
PLACER CLAIMS P23948, P23949, P23950

TRANSVERSE MERCATOR PROJECTION CO-ORDINATES
141°41' longitude - 64°21' latitude
PLACER CLAIM SHEET 116C-7

prepared by
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FORTYMILE PACIFIC JOINT VENTURE

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1. BACKGROUND

The Fortymile is a swift flowing river with an average grade of 7 feet per mile. While most of the drainage is located in Alaska, the last 23 miles of the river flow through the Yukon, emptying into the Yukon River 46 miles downstream from Dawson City. The river channel meanders and has many bends. The area has not been glaciated.

The wetted perimeter of the river averages 700 feet, with a main channel of approximately 200 feet at average flow. Due to the arid climate, the Fortymile has a very low flow during the summer, exposing large gravel bars. These gravel bars make up the mineable reserves of the dredging leases, because the main channel flows on bedrock. The water level fluctuates with summer rainfall from very low water levels to high enough to cover the bars and keep them scoured free of overburden and vegetation. The gravel bars are thawed, making them suitable for dredging.

Gold was first discovered on the Fortymile River in 1886; this discovery led to the first major Yukon gold rush. In 1887 $200,000 worth of gold, more than 14,000 ounces, were mined with pick, shovel, and rocker, by some 200 miners. Between 1906 and 1911, a dredge worked the Fortymile 8 miles upriver from its mouth. This project was abandoned with the advent of the First World War. The Fortymile Pacific Joint Venture has been dredging on the property with an 100 yard per hour operation since 1990.

2. PROJECT DESCRIPTION

The Fortymile Pacific Joint Venture controls 22 claims from claim P23935 to claim P23937, and the portion of Dredging Lease 83/2 fronting these claims, on the Fortymile River. See Map 3 for the claim location. This exploration project was conducted on this two and a half mile stretch of river, the lower end of which is situated approximately five miles from the confluence of the Fortymile and the Yukon Rivers. The upper section of the property is bounded by the Fortymile River canyon. See Maps 1 and 2 for the property location. Work was also carried out on a bar above the canyon with a view to possibly extending the property.

The focus of the project was to extend placer gold reserves suitable for dredging. Suitable dredging ground has a high water table, is thawed, has little or no overburden, and a depth to bedrock of not more than 25 feet.

We were particularly interested in the large bar which is located immediately upstream of the Fortymile canyon. See Map 4 for the location of the bar. We felt that there is a good likelihood of enrichment of this bar due to the change in velocity of the river above the canyon. However, because the Department of Fisheries and Oceans was studying the effect of our dredging operations on the stability of the river bars, they had restricted our work to three bars on the river below the canyon. For this reason, the focus of our prospecting work was shifted downstream to the area approved for mining by DFO. However we did conduct basic prospecting work on the canyon bar. Because there is no road or trail to this part of the property we used a jet drive river boat to get through the canyon to the bar. We took samples using a shovel and gold pan in order to make a preliminary evaluation of the dredging potential of the area.

Tailings from the dredge which worked the property from 1906 to 1911 can be seen on the river bank in an area now grown up with poplar and willows. This dredge worked its way into the bank ground for a distance of approximately 1,000 feet. This appears to be the only area where ground was worked by the old dredge which was not part of the river channel or of the bars. We thought that there might be significant pay in this area because the earlier dredging operation worked it. Because this area is not covered by high water, it would be available for dredging early in the season before the water level in the river drops to expose the bars. Because of this factor and easy access, we were interested in evaluating this area.

TAILINGS FROM EARLY DREDGING OPERATION

EXCAVATING PITS IN RIVER BANK GROUND

In April we cleared snow off of the access road which goes part way to the work site, so that the road would dry out quickly, allowing early access to the property. We used the dozer to extend the road into the work site. We excavated a series of pits in this area upstream of the old workings and against the rim of the valley floor. See Map 4 for the location of the work.

We also dug a series of pits in a dry slough or back channel of the river. See Map 4 for location. This channel, while part of the active flood plain of the river, is relatively high. For this reason it would also be accessible for dredging early in the season, after the period of extreme high water in May. All of the pits excavated on the gravel bar were back-filled after sampling, to comply with DFO requirements that no excavations be left which could trap fish.

We sampled these pits with a gold pan as the pits where being excavated, to delineate pay layers and to determine composition of the gravel. As well, we took 100 lb. samples from the pits and processed them using our mining clean-up outfit. We calculated grade figures from these samples. We also estimated the yardage available in the reserves which we tested.

3. EQUIPMENT USED

We used the following equipment in performing the project:

- UH10 Hitachi excavator, equipped with 1 1/2 yard bucket and a 12 ft. 5 inch arm was used for excavating the sample pits.

- D6-C Caterpillar dozer with angle blade was used to clear snow from access roads to allow early access, to construct trails to the test sites, and to strip the test sites.

- 920 Caterpillar loader was used to transport gravel samples to camp for processing and for general project support.

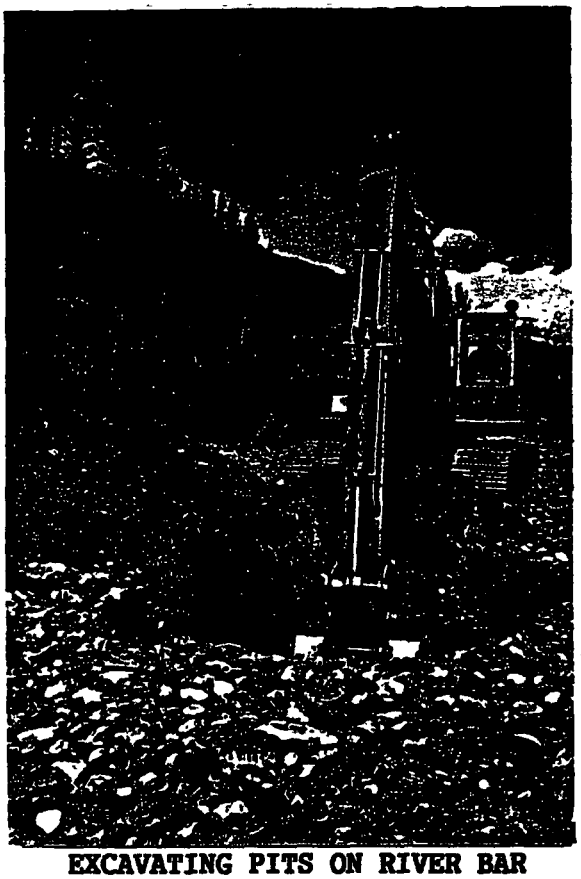
- 4 x 4 service truck with tools and welder/generator was used to power the clean-up equipment as well as for maintenance and repairs.

- 1 ton fuel truck was used to haul fuel to the equipment from our fuel cache.

- 4 wheel drive ATV was used to transport workers to the work site.

- 18 foot jet drive river boat was used to gain access to the gravel bar upstream of the Fortymile canyon.

- 4 lead spiral gold wheel was used to process samples.



EXCAVATING PITS ON RIVER BAR

4. RESULTS

We preformed work on two deposits, the old tailings area which is a bank deposit, and the dry slough which is a river bar. The results of work performed are as follows:

Results of Bank Deposit Testing

Our investigation of the area near the old dredge tailings was generally disappointing. We found that the layer of sandy overburden was from 8 to 12 feet deep. We consider this to be too much stripping for our dredging operation. Gravel values under the sand layer would be barely within acceptable range for economic mining, if they were not buried under the sand layer. The gravel deposit evaluated is approximately 1000 feet long by 400 feet wide by 15 feet deep.

Volume of reserves - 280,000 cubic yards (allowing for 1.25 swell factor)
Average grade - 290 bucket cubic yards per ounce
Available reserves - 966 raw ounces gold

Results of Bar Deposit Testing

The flood channel gravel bar shows dredgable reserves with barely mineable values. Because this channel is quite high, it could be mined earlier in the season than many of the other bars on the river. This gravel bar deposit is approximately 1200 feet long, 250 feet wide and 15 feet deep.

Volume of reserves - 208,000 cubic yards (allowing for 1.25 swell factor)
Average grade - 326 bucket cubic yards per ounce
Available reserves - 638 raw ounces gold

The bar above the Fortymile canyon was only sampled by surface grab samples so no definitive conclusions can be made about reserves in this area. However, preliminary work indicates this to be a promising area for dredging. This is a very large bar with preliminary reserve estimates indicating in excess of half a million available yards.

Results of samples which we took are tabulated in the accompanying tables.

5. CONCLUSIONS AND RECOMMENDATIONS

The bank ground area where the old dredge tailings are found is not viable to mine at current gold prices. The area is covered with too deep a layer of barren sand which would have to be stripped before dredging could be undertaken. It may be that the old dredge worked its way into this area at the end of the mining season in order to be protected from the ice at break-

up in the spring, rather than mining the area for its gold values.

The back river channel bar adjacent to the old tailings area has dredging potential. While indicated values are not high, they are above the break-even point for dredging with the method which we are using on the Fortymile River. An increase in gold price would make this area a solid producing gravel body.

The large bar located upstream of the Fortymile canyon looks promising. An access trail to the area for heavy equipment should be constructed. As well permission should be secured from DFO to mine in this area. The DFO dredging-stability study has now been completed and draft recommendations have been prepared. They have concluded that dredging can be permitted on the rest of the Fortymile River, opening the way for further work. Once permission and access are established, a thorough exploration program should be carried out on this bar. Pits should be excavated to bedrock over the length and width of the bar and these pits should be sampled and evaluated. Because of the immense reserves contained in this bar and the successful preliminary prospecting, extensive evaluation and access construction are warranted.

6. INFORMATION FOR THE INTERPRETATION OF TABLES

From sampling with a pan, taking gravel out of the excavator bucket while dredging is taking place, we have been able to determine the grade of gravel which is being processed. We have taken samples in a gold pan over the course of a sluicing period between clean-ups. We have related the average number of colours obtained over the number of pans taken, often several hundred, to the gross weight of the raw gold obtained. From this extensive sampling work we have determined that the presence of one colour in a small gold pan of gravel, approximately 7 lbs., means that it takes 650 yards to produce one ounce of raw Fortymile gold.

We developed this method in order to estimate grade in an actual production dredging situation. This method takes into account the gravel swell factor associated with excavating soaking wet gravel; a certain amount of bucket volume is taken up with water from excavating submerged gravel. As well this grade calculation method takes into account gold loss in the processing equipment.

Grade figures have been calculated in terms of the number of bucket yards required to produce one troy ounce of unrefined gold.

Because 1 colour represents 650 wet bucket yards to the ounce of raw gold actually recovered, the rough grade of gravel in a small pan can be quickly determined. For example, if a there are 5 colours present in a pan, the grade is calculated as follows:

650 yds to the ounce/ 5 colours to the pan = 130 yds to the ounce

Assays have determined that the purity of the gold on the Fortymile is .835.

APPENDIX 1 - TABLES

TABLE 1

RESULTS OF 6 LB. SAMPLES FROM EXCAVATIONS IN BANK GROUND

EXCAV # & DEPTH	SAMPLE #	COMMENTS	# COLOURS	AV COLOURS/ SAMPLE	AV GRADE YDS/OZ
	1.a	- gravel layers	4		
	1.b	mixed with bands	2		
PIT	1.c	of sand	3		
	1.d	- pea gravel only	1		
# 1	1.e		5	3.1	210
	1.f		7		
	1.g		0		
12 ft.	1.h		0		
deep	1.i		9		
	1.j		0		
	2.a	- 2 feet overburden	0		
PIT	2.b	covered with	3		
	2.c	scrub willows	3		
# 2	2.d	- gravel is coarse	7	2.3	283
	2.e	- hole remained dry	0		
18 ft.	2.f		4		
deep	2.g		2		
	2.h		1		
	2.i		1		
	3.a	- 2 feet overburden	1		
	3.b	- coarse gravel	3		
PIT	3.c	- no water	3		
	3.d	- possibly dredged	5		
# 3	3.e	in early days	0	3	217
	3.f		0		
18 ft.	3.g		7		
deep	3.h		4		
	3.i		2		
	3.j		5		

TABLE 1 continued

RESULTS OF 6 LB. SAMPLES FROM EXCAVATIONS IN BANK GROUND

EXCAV # & DEPTH	SAMPLE #	COMMENTS	# COLOURS	AV COLOURS/ SAMPLE	AV GRADE YDS/OZ
	4.a	- hole abandoned	2		
	4.b	due to excess	2		
PIT	4.c	sand overburden	2		
	4.d		0		
# 4	4.e		0	2.3	283
	4.f		0		
6 ft.	4.g		9		
deep	4.h		0		
	4.i		4		
	4.j		4		
	5.a	- hit water at 8 feet	0		
	5.b	- sandy overburden	3		
PIT	5.c	- bedrock not reached	3		
	5.d	- gravel mixed	4		
# 5	5.e	with sand layers	1	1.75	371
	5.f	- little black sand	1		
10 ft.	5.g		1		
deep	5.h		1		
	6.a	- hole dug against	0		
PIT	6.b	bedrock rim	0		
	6.c	- 8 feet sand	0		
# 6	6.d	covered with large	0	2	325
	6.e	poplars	0		
	6.f	- water at 9 ft.	6		
10 ft.	6.g	- gravel layers mixed	6		
deep	6.h	with bands of sand	3		
	6.i	- bedrock not reached	3		

TABLE 1 continued

RESULTS OF 6 LB. SAMPLES FROM EXCAVATIONS IN BANK GROUND

EXCAV # & DEPTH	SAMPLE #	COMMENTS	# COLOURS	AV COLOURS/ SAMPLE	AV GRADE YDS/OZ
	7.a	- against bedrock rim	5		
	7.b	by an old shaft	5		
PIT	7.c	- 9 ft of thawed	3		
	7.d	sand overburden	0		
# 7	7.e	- gravel frozen	1	2.2	295
	7.f	- hole abandoned	1		
10 ft.	7.g		1		
deep	7.h		2		
	7.i		2		
	8.a	- 10 ft. sandy	0		
	8.b	overburden	0		
PIT	8.c	- pea gravel layers	0		
	8.d	mixed with bands	1		
# 8	8.e	of sand	1	1	650
	8.f	- no bedrock	0		
12 ft.	8.g		2		
deep	8.h		1		
	8.i		2		
	8.j		2		
	9.a	- 12 ft. of sand	2		
	9.b	covered with heavy	2		
PIT	9.c	poplars	3		
	9.d	- too much overburden	4		
# 9	9.e	- no bedrock	16	3.8	171
	9.f		0		
14 ft.	9.g		0		
deep	9.h		5		
	9.i		3		
	9.j		3		

TABLE 2

RESULTS OF 100 LB. SAMPLES FROM EXCAVATIONS IN BANK GROUND

EXCAV # & DEPTH	SAMPLE #	COMMENTS	# COLOURS	GRADE YDS/OZ
PIT # 1	1.1	5 flakes	53	175
	1.2		47	198
PIT # 2	2.1	4 flakes	73	127
	2.1		21	442
PIT # 3	3.1	some pyrites	71	131
	3.2		46	202
PIT # 4	4.1		52	179
	4.2		46	201
PIT # 5	5.1		35	265
	5.2	fine colours	29	320
PIT # 6	6.1		11	844
	6.2	garnets	76	122
PIT # 7	7.1		51	182
	7.2		60	155
PIT # 8	8.1	little black sand	11	844
	8.2		17	546
PIT # 9	9.1		62	150
	9.2	fine colours	71	131

AVERAGE GRADE BANK GROUND FROM 100 LB. SAMPLES.....290 bucket yd/oz

TABLE 3

RESULTS OF 6 LB. SAMPLES FROM EXCAVATIONS ON BAR

EXCAV # & DEPTH	SAMPLE #	COMMENTS	# COLOURS	AV COLOURS/ SAMPLE	AV GRADE YDS/OZ
	10.a	- water reached at	1		
	10.b	4 ft. level	2		
PIT	10.c	- coarse gravel	1		
	10.d	- few boulders	0		
# 10	10.e	- occasional scrub	0	1.1	590
	10.f	willows	3		
14 ft.	10.g	- this ground has been	1		
deep	10.h	dredged in early days	1		
	10.i		1		
	11.a	- all holes on bar	1		
	11.b	similar to the	1		
PIT	11.c	first hole	0		
	11.d	- gravel sluffed	0		
# 11	11.e	badly, making	3	1.3	500
	11.f	bedrock sampling	3		
14 ft.	11.g	difficult	0		
deep	11.h		1		
	11.i		2		
	11.j		2		
	12.a		1		
	12.b		2		
PIT	12.c		2		
	12.d		3		
# 12	12.e		1	2.3	283
	12.f		3		
14 ft.	12.g		3		
deep	12.h		3		
	12.i		2		
	12.j		3		

TABLE 3 continued

RESULTS OF 6 LB. SAMPLES FROM EXCAVATIONS ON BAR

EXCAV # & DEPTH	SAMPLE #	COMMENTS	# COLOURS	AV COLOURS/ SAMPLE	AV GRADE YDS/OZ
	13.a		2		
	13.b		2		
PIT	13.c		2		
	13.d		4		
# 13	13.e		0	1.7	382
	13.f		0		
14 ft.	13.g		0		
deep	13.h		3		
	13.i		1		
	13.j		3		
	14.a		2		
	14.b		2		
PIT	14.c		2		
	14.d		3		
# 14	14.e		2	2.3	283
	14.f		2		
14 ft.	14.g		3		
deep	14.h		3		
	14.i		2		
	15.a		2		
	15.b		2		
PIT	15.c		0		
	15.d		0		
# 15	15.e		5	2.6	250
	15.f		6		
14 ft.	15.g		3		
deep	15.h		3		
	15.i		2		
	15.j		3		

TABLE 4

RESULTS OF 100 LB. SAMPLES FROM EXCAVATIONS ON BAR

EXCAV # & DEPTH	SAMPLE #	COMMENTS	# COLOURS	GRADE YDS/OZ
PIT # 10	10.1		18	516
	10.2		27	344
PIT # 11	11.1		21	442
	11.2		23	404
PIT # 12	12.1	garnets	42	221
	12.2	flakes	60	155
PIT # 13	13.1	coarse gravel	26	357
	13.2		31	300
PIT # 14	14.1	lots of black sand	21	442
	14.2		37	251
PIT # 15	15.1	fine colours	43	216
	15.2		35	265

AVERAGE GRADE ON BAR FROM 100 LB. SAMPLES.....326

TABLE 5

RESULTS OF GRAB SAMPLES FROM UPPER CANYON BAR

SAMPLE #	NUMBER OF COLOURS	COMMENTS
1	0	
2	2	large colours
3	1	
4	8	lots of black sand
5	12	3 flakes
6	0	
7	3	garnets
8	1	
9	1	
10	0	
11	4	2 large flakes
12	6	small chunk
13	3	
14	10	1 large flake
15	2	lots black sand
16	0	
17	5	lots of black sand

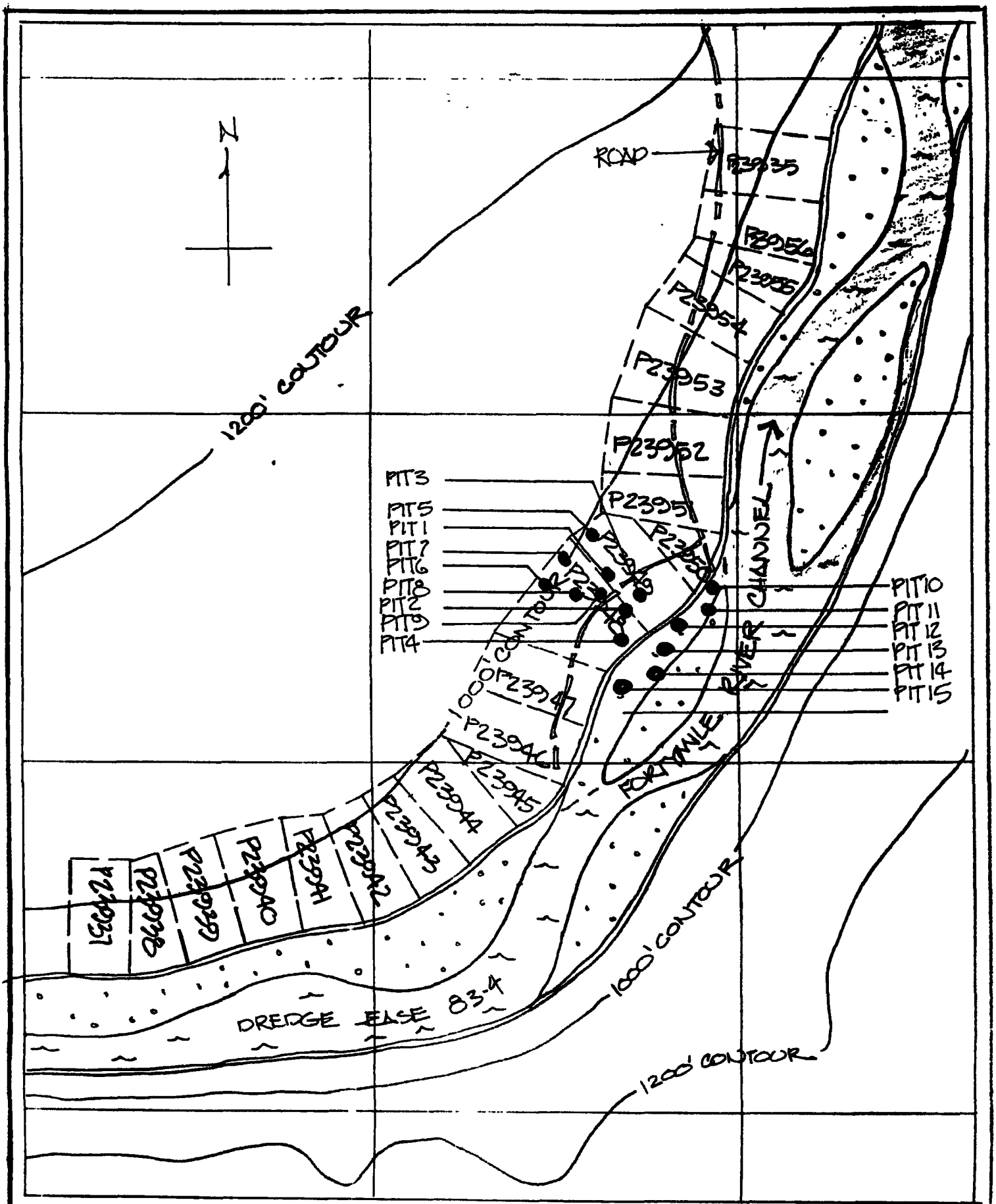
TABLE 6
VOLUME OF EXCAVATIONS

VOLUME OF PITS (includes 1.25 swell factor)

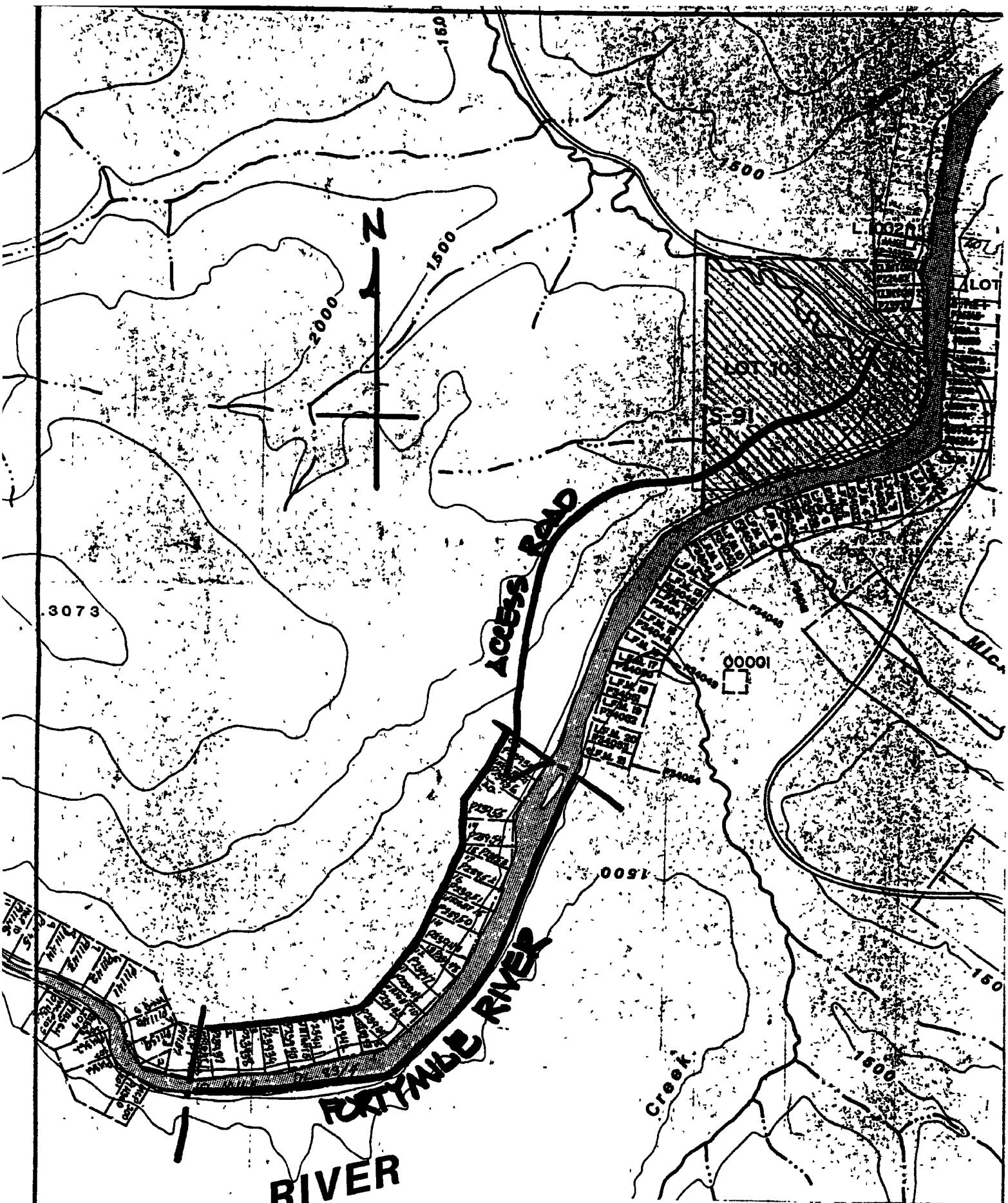
PITS	DIMENSIONS (FT.)	VOLUME (CU. YD.)
1	12 deep x 8 x 16	57
2	18 deep x 24 dia.	301
3	18 deep x 24 dia.	301
4	6 deep x 6 x 10	13
5	10 deep x 6 x 16	36
6	10 deep x 8 x 16	47
7	10 deep x 6 x 16	36
8	12 deep x 6 x 18	48
9	14 deep x 8 x 20	83
10	14 deep x 24 dia.	234
11	14 deep x 24 dia.	234
12	14 deep x 24 dia.	234
13	14 deep x 24 dia.	234
14	14 deep x 24 dia.	234
15	14 deep x 24 dia.	234

TOTAL VOLUME OF EXCAVATIONS **2,326 cubic yards**

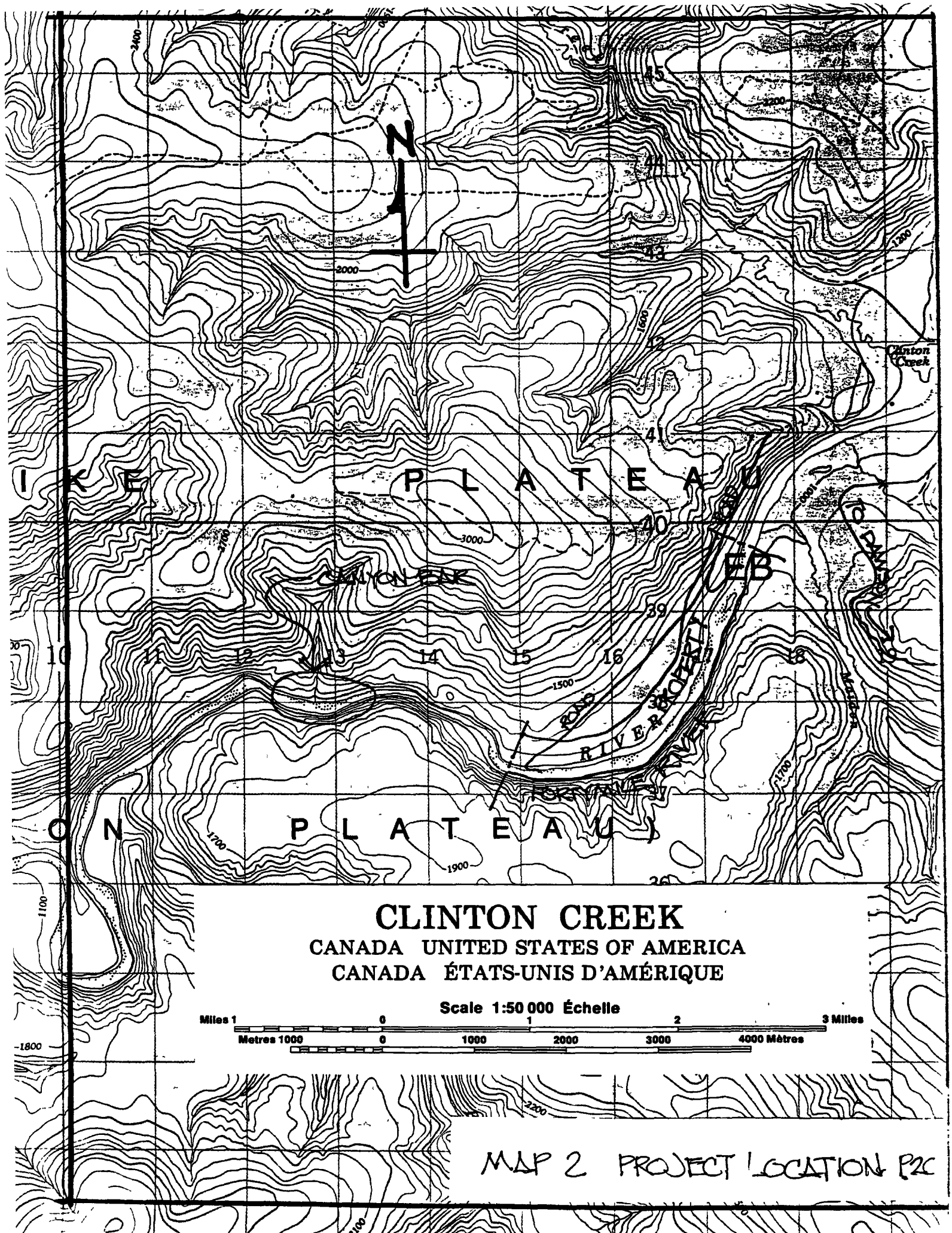
APPENDIX 2 - MAPS



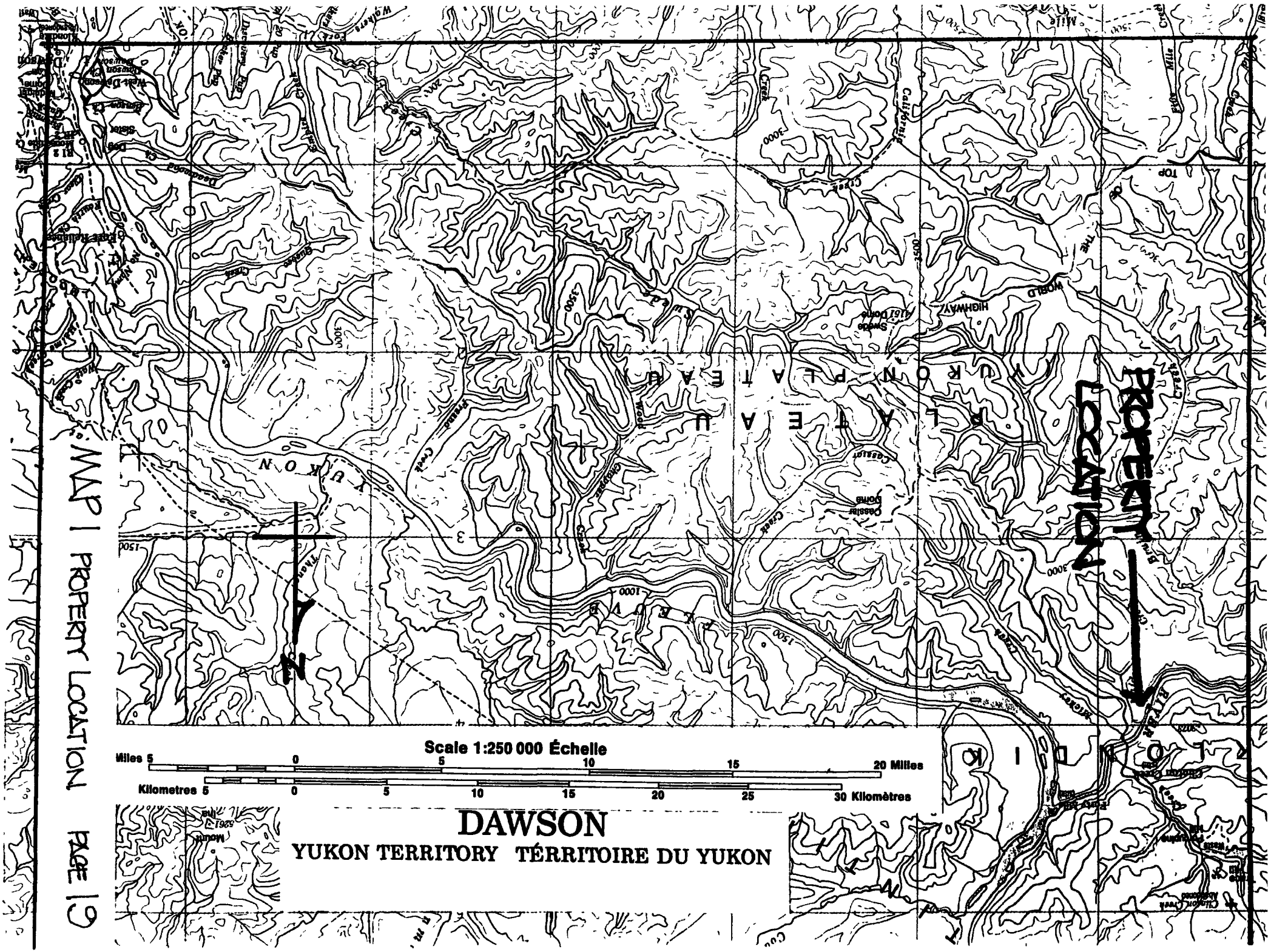
MAP 4 WORK LOCATIONS 1"=250' PAGE 22



MAP 3 CLAIM LOCATIONS PAGE 21



MAP 2 PROJECT LOCATION P2C



MAP 1 PROPERTY LOCATION PAGE 19

APPENDIX 3 - SUPPLEMENTARY INFORMATION

PEOPLE WHO WORKED ON THE PROJECT

Bill Claxton	Marten Creek, Fortymile River, Yukon
Leslie Chapman	Marten Creek, Fortymile River, Yukon
Paul Wylie	Dawson City, Yukon

PREPARATION OF THE REPORT

The report was prepared by Leslie Chapman and Bill Claxton.

PROPERTY INVESTIGATED

Dredging Lease DL83/4, Placer Claims P23948, P23949, and P23950